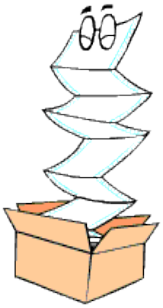
DESCRIBING THE REQUIREMENT

PART II Chapter 9 Section A



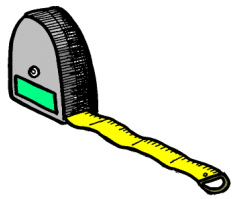
1. LEARNING OBJECTIVES

Upon completion of this chapter, students must be able to identify each type of work statement and the appropriate monitoring techniques for each. Students will apply some of the learning concepts of this chapter in analyzing online case studies, exercises, and in the quizzes at the end of each chapter, and a final examination at the end of this course.

2. INTRODUCTION

a. This unit may well be the most important aspect of contracting. We are going to examine the heart of a contract, the description of the work a contractor must do under the terms and conditions of the contract. This description has many aliases. You may know it as a work statement (WS), statement of requirement (SOR), statement of work (SOW), performance work statement (PWS), purchase description(PD), specifications, commercial item description (CID), scope of work and perhaps others yet to be coined.

b. Whatever we call this description, the purpose is the same; *to define the needs of the of the Government in a contract situation.* We cannot put too much emphasis on this subject. Since the work description is the Government's means of telling the prospective bidders/offerors and finally the contractor what we want done, if we fail to communicate effectively, we probably will be unhappy with the results of the contract.



c. CORs need to unde levant laws, basic principles general conten descriptions, and the vari descriptions, to be able to understand the intent f the contract and the required end results. Thi the subject will also include a brief description of the risks and responsibilities

e. In addition, we cover this subject from the perspective of the COR who may be required to draft changes to technical SOWs for requesting modifications to contracts.

f. Finally, we cover this subject from the position of the COR interpreting and using the Quality Assurance Surveillance Plan (QASP), or in drafting a new plan or changing the plan when appropriate based on a period of obsevance of the contractors actual performance observed during contract performance.

3. PURPOSE

As key members of the acquisition teams, CORs need to understand and focus on how market research and cross-competency teaming can increase Government use of commercial items to meet warfighter needs. The acquisition team members must develop sound business strategies for acquiring commercial items in a cost-effective manner.

2. BACKGROUND

Since the passage of the Federal Acquisition Streamlining Act of 1994, the preference within the Federal Government has shifted from the acquisition of items developed exclusively for the Government to the acquisition of commercial items. This change was necessary to take full advantage of available and evolving technological innovations in the commercial sector, and to reduce costs and performance times. The Government must increase its reliance on commercial items to provide technology solutions that increase warfighter capabilities.

3. ADVANCE ACQUISITION PLANNING

"Acquisition planning" means the process by which the efforts of all personnel responsible for an acquisition are coordinated and integrated through a comprehensive plan for fulfilling the agency need in a timely manner and at a reasonable cost. It includes developing the overall strategy for managing the acquisition.

4. POLICY FAR 7.102

a. Agencies shall perform acquisition planning and conduct market research for all

b. This planning shall integrate the efforts of all personnel responsible for significant aspects of the acquisition. The purpose of this planning is to ensure that the Government meets its needs in the most effective, economical, and timely manner. Agencies that have a detailed acquisition planning system in place that generally meets the requirements of FAR 7.104 and 7.105 need not revise their system to specifically meet all of these requirements.

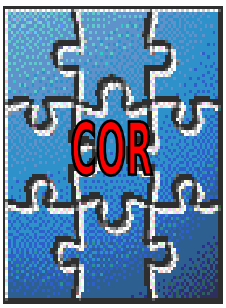
c. CORs need to insure the Quality Assurance Surveillance Plan (QASP) is developed by the planners in conjunction with the development of the SOW. CORs should also be heavily involved in the preparation of this document as they will be required to follow the QASP in the performance of their surveillance duties of contractor performance. If the COR does not receive a QASP from the planners or the Contracting Officer, the COR shall then be required to develop a QASP before contract performance commences.

d. The QASP must be usable and functional to permit the COR to insure the successful accomplishment of the mission requirement.

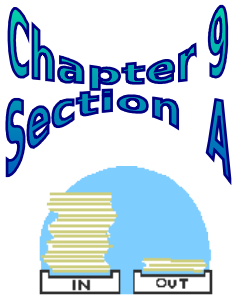
e. The methods of surveillance planned must be those that are feasible for the COR to accomplish with the manpower allotted. The COR may be required to change the plan after it is implemented based on demonstrated contractor performance. So, the COR must know the basis of the planning decisions made when the original plan was developed, and be apprised of mission criticality before altering the QASP.

Planning Meetings

5. COR LESSONS LEAR



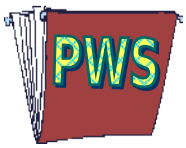
CORs are not always nning and preparation of this description. It is in Government's best interest to include CORs hase on preparation of the statement of wor ntract as they have a great deal of experience to sh the definers of the SOW. This should allow ward preventative measures and bette e work.



OVERVIEW & IMPACT of STATEMENTS of WORK (SOWs)

3. DESCRIPTION, PWS or SOW CONTENT

WORK STATEMENTS



MUST INCLUDE:

WHAT:

QUANTITY:

WHEN:

WHERE:

MUST INCLUDE:

QUALITY:

DOCUMENTS:

Description Content

must communicate what product or service is required.

must communicate the quantity required.

must state delivery/performance completion dates.

where delivery/performance is to be accepted.

1. ***SOW/PWS:*** ***is a document with a clear a*** include ***accurate description*** of ***the salient tech*** determined. ***requirements.***

2. *Quality Assurance Surveillance Plan* ***(QASP) is a separate document outlining*** *th procedures necessary to determine if all requirements have been met. The COR uses the QASP to monitor contractor performance.*

FIGURE 58

1. DESCRIBING AGENCY NEEDS. FAR 11.002 Using & Maintaining Requirements Documents

In fulfilling the requirements of 10 U.S.C. 2305(a)1), 10 U.S.C. 2377, 41 U.S.C. 253a(a), & 41 U.S.C. 264b, **agencies shall –**

a. Specify needs using market research in a manner designed to –

(1) Promote full and open competition (see Part 6), or maximum practicable competition when using simplified acquisition procedures, with due regard to the nature of the supplies or services to be acquired; and

(2) Only include restrictive provisions or conditions to the extent necessary to satisfy the minimum needs of the agency or as authorized by law.

(3) To the maximum extent practicable, ensure that acquisition officials:

(a) State requirements with respect to acquisition of supplies/services in terms of:

(i) Functions to be performed;

(ii) Performance required; or

(iii) Essential physical characteristics;

(b) Define requirements in terms that enable and encourage offerors to supply commercial items, or, to the extent that commercial items suitable to meet the agency's needs are not available, non-developmental items, in response to the agency solicitations;

(c) Provide offerors of commercial items/non-developmental items an opportunity to compete in any acquisition to fill such requirements;

(d) Require prime contractors and subcontractors at all tiers to incorporate commercial items or non-developmental items as components of items supplied to the agency; *and*

(e) Modify requirements in appropriate cases to ensure that the requirements can be met by commercial items or, to the extent that commercial items suitable to meet the agency's needs are not available, non-developmental items.

(f) The Metric Conversion Act, 1975**, amended by the** Omnibus Trade & Competitiveness Act , 1988 (15 U.S.C. 205a, et. Seq.), **designates the metric system of measurement as the preferred system of weights and measures for U. S. trade/commerce, and requires each agency**

(h) The resource Conservation and recovery Act of 1976 (of 1976 (42 U.S.C 6901, et. Seq.),as amended, and Executive Order 12873, dated October 20, 1993, **establish requirements for the procurement of products containing recovered materials, and environmentally preferable and energy–efficient products and services. Requiring activities shall prepare plans, drawings, specifications standards (including voluntary standards), and purchase descriptions that consider requirements set forth in FAR Part 23.**

3. WRITING TECHNIQUES

a. Writing is easy. Writing correctly and clearly is not easy! Even if you are not directly involved in the writing of the SOW, you will have to keep written records of what you do, write reports, and write letters to the contractor and other Government personnel. You may also have to write the wording of proposed modifications to the SOW.

b. The SOW is the basis for contracting and includes all of the specific tasks the contractor must perform. It is the technical portion of the contract that gives the Contracting Officer and prospective contractors the necessary requirements and quality assurance provisions. Once the contract is in effect, the SOW becomes a legal and binding element of the agreement. Both the contractor and the Government are obligated to follow the SOW.

c. Due to this reliance on SOWs, the writing of the SOW is an exacting and necessary job. Many lawsuits have stemmed from different interpretations of the SOW by the contractor and the Government. At the very least, unclear and unworkable SOWs can cause disagreements, poor relationships , performance delays, and excess costs to the parties involved.

d. Many people *(such as the contractor, Contracting Officer, QAR, inspectors, engineers, and other Government specialists)* **have an interest in, or use for, the SOW. They tend to misinterpret portions which are unclear. They read the SOW with different frames of reference because each wants to obtain from it elements that will benefit their own interests. The SOW must be clear and concise and result in a consistent interpretation by all parties concerned. The SOW is the basis on which all parties involved can define the *physical, functional, and technical characteristics* of the requirement.**

e. One of the primary responsibilities of the COR is to interpret the SOW from the Government's point of view to the contractor. This has traditionally been a problem area due to numerous causes (such as, poor writing, lack of

(3) Inconsistent or conflicting requirements often appear in SOWs. In conflicting requirements, two or more of the requirements are mutually exclusive. If the contractor is to comply with one requirement, they cannot fulfill the other.

(4) Antiquated requirements are another problem. These have been surpassed by technology or time, or involve citing an outdated document. The SOW then becomes useless, or the Government does not get what it needs. It is necessary to review and update SOWs periodically. As a minimum this should be done every year before exercising options.

(5) Finally, a requirement may be unenforceable if it is difficult or impossible to conduct quality assurance. Another is an illegal requirement. Various laws may impact the technical requirements of the SOW. If we overlook any it could in some instances deem the entire contract to be illegal (such as environmental laws.)

5. PRIMARY RULES OF INTERPRETATION

a. When developing the SOW the requiring activity should try to be as specific as possible. The Contracting Officer will determine the type of contract and the method of soliciting prices by the degree of specificity (work description or specifications) of the description of work. If we can state all of the Government's needs then all risks associated with those needs can be assessed by the contractor. This will enable the Contracting Officer to select a contract type that keeps the risk on the contractor and off the Government.

b. Unless otherwise stated in the contract, words or phrases included in the SOW will be interpreted as is most commonly used. In general, people interpret based on their own experiences.

c. Special Definitions: When terms or words are not commonly understood or are to have a specific meaning, these SHALL be so defined. If this is not done, the Government is at risk in the event of a misunderstanding. Insure that any definitions listed are clearly defined. Also, insure that any unusual term used is defined. "The rule of thumb" is if in doubt define.

7. WRITING STYLE

a. Style is the writers method of assembling ideas into words, sentences, etc. It should be kept free of emotion, or emotion evoking statements. Its use requires the style to be calm and subdued. It is used to present the facts in the clearest manner possible. Inconspicuous and

9. RULE OF AMBIGUITY

a. Definition: ***When more than one "reasonable" interpretation can be derived from a word or phrase, it is considered to be "ambiguous".*** **This is a two part rule based on accepted principles of contract law:**

b. THE FIRST PART (and perhaps most weighted part) of this rule is that: *ambiguities are decided against the drafter of the document.* The principle here is that it is the responsibility of the originator of a document (requirement) to make their point clear. If an ambiguity exists the drafter did not make the meaning clear. This is also the reason this part is more heavily weighted in a dispute on meaning, as the"ambiguity" would not be there in the first place, if the drafter had used unambiguous (only one possible meaning) words or phrases.

(1) The Government is the drafter of many Government Statements of Work (SOW), and contracts. Therefore, if a Government-written work statement (or any other elements of the whole contract), are apt to include any words or phrases that do, or could have more than one "reasonable" interpretation or meaning.

(2) Under the first part of this rule, the courts have ruled in favor of contractors in many past cases. The courts may continue to do so if claimed and evidenced/proven by the contractor that an "ambiguity" exists, when theGovernment-sought (intended) meaning differs from the meaning the contractor relied on in preparing their bid/offer, pricing, to their detriment, or injury (increased costs to change the "ambiguity to the meaning the Government intended.)

c. THE SECOND PART of the rule comes from a court decision against the contractor where the contractor sought compensation for increased costs they claimed were resultant from the "ambiguity".

(1) Had the contractor have requested a clarification to the claimed "ambiguity" before the bid/offer due date, the CO could have clarified the "ambiguity" before the Bid/Offer Opening time arrived, by issuing an amendment to the solicitation to clarify the questioned "ambiguity", and sending it to all prospective bidders/offerors.

(2) In this court decision, the court declared the "ambiguity" to have been an "obvious ambiguity" that could have been clarified before the bid opening time arrived. This is , known as the "Patent Ambiguity " Rule. "Patent" in this instance means "Obvious" or

RULE OF AMBIGUITY

1. If more than one ***Reasonable*** interpretation can be de ved a contract word, phrase or provision,

The Ruling Goes Against the Drafte .

2. If the SOW is not clear and accurate, it may be interpreted s ***Ambiguous.***

3. The Government may have to provide compensation to the co rac if our requirements are inadequately, or poorly stated and add ion work is required.

FIGURE 59

PATENT AMBIGUITY

If an ambiguity is patent or obvious contractors are

OBLIGATED TO SEEK CLARIFICA OI

Before Bid Openi !

Failure to do so may result in a decision against the contractor!

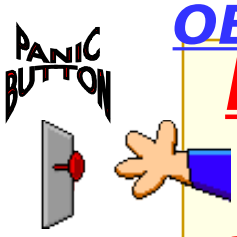


FIGURE 60

RULE OF AMBIGUITY SUMMARY

1. Readers interpret/define words/phrases based on their own experiences & needs.

2. Contractors may be able to use the interpretation most favorable to them.

3. PWS must be written to be interpreted the same way by contractor & the Govt.

FIGURE 61

Sample Ambiguous Words and Phrases

(1) "To the satisfaction of", or "as directed by the Contracting Officer." (14) "Good materials…"

(2) "All reasonable requests by the Contracting Officer shall be performed." (15) "Suitably housed…"

(3) "Good workmanship…"
(16) "Neatly finished……"

(4) "Good working order…"
(17) "Practically free……"

(5) "In a neat and workmanlike manner…"
(18) "Smooth surface……"

(6) "Workmanship shall be of the highest quality…"
(19) "Pleasing lines……"

(7) "In accordance with the best commercial practices…"
(20) "Convenient to operate…"

(7) "In accordance with th ommercial practices…"
(21) "Within easy rea e operator…."

(9) "In accordance with be neering practices…"
(22) "Where practic

(10) "Skillfully fitted…"
(23) "Suita ed……"

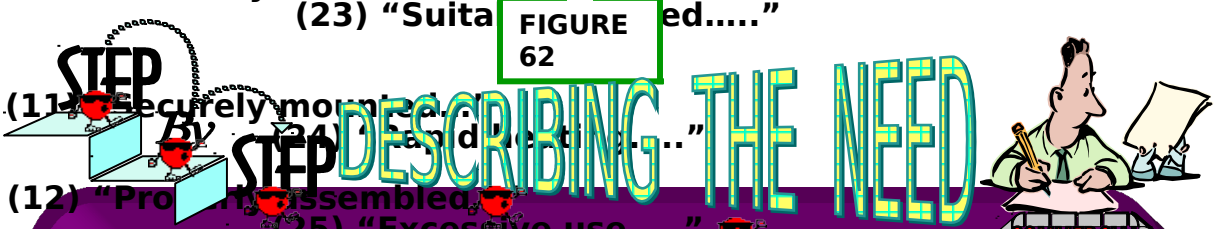
(11) "Securely mounted…"
(24) "Adjustable…"

(12) "Pro assembled…"
(25) "Excessive use……"

(13) "Carefully performed…"
(26) "Reasonably clear……"

(27) "Undesirable odor……"
(28) "High quality…"

FIGURE 62



1. Requirements stated in terms of:
   a. Functions to Be Performed,
   b. Performance Required, and
   c. Essential Physical Characteristics.

2. Requirements shall be defined in terms that encourage acquisition of COMMERCIAL ITEMS

FIGURE 63

10. DESCRIBING AGENCY NEEDS

a. Mission need is the preeminent concern in developing requirement documents. The Government has substantial latitude to describe its needs in terms that take optimum advantage of the best industry practices available, such as distribution and support options, methods for assuring reliability, and other capabilities of the marketplace. The essential item/service characteristics defined during requirement identification should not change in other stages, such as market research and acquisition. However, all members of the acquisition team must be open to evolving the requirement description and the acquisition strategy as market research reveals a greater understanding of how commercial items may be used to satisfy mission needs.

b. Requirements personnel and contracting officers must work together to ensure that commercial items can be , and are, used. The key to this process is aggressive and thorough Market Research.

11. STATING REQUIREMENTS AND DEVELOPING ACQUISITION STRATEGIES

a. Every acquisition begins with a series of steps to address important questions such as:

(1) What item/service is required and how can this be stated in a performance-based manner?

(2) What general capabilities are available in the marketplace to satisfy the requirement?

(3) Can commercial items or modified commercial items satisfy the requirement?

(4) How can the basic requirement statement be refined to maximize the benefit of competitive market forces and the use of commercial items?

b. Government requirements must be stated in terms of functions to be performed, performance required, or essential physical characteristics. This mandate enables the use of a commercial item to fulfill the end-users' needs. A second way to encourage commercial firms to bring new and innovative products/services to fulfill the end-users' needs is to state requirements in industry-standard terminology and permit use of commercial practices.

c. Preparing a performance-based requirements statement begins with the drafting of a statement of the users' need, including a number of features the

e. Installation services, maintenance services, repair services, training services, and other services if such services are procured for support of an item referred to in paragraphs (a), (b), (c), or (d) of this definition, and if the source of such services:

(1) Offers such services to the general public and the Government contemporaneously and under similar terms and conditions;

(2) Offers to use same workforce for providing the Government with such services as they use for the general public;

f. Services of a type offered and sold competitively in substantial quantities in the commercial marketplace based on established catalog/market prices for specific tasks performed under standard commercial terms/conditions. This does not include services that are sold based on hourly rates without an established catalog or market price for a specific service performed;

g. Any item, combination of items, or service referred to in paragraphs (a) through (f), no matter if the item, combination of items, or service is transferred between or among separate divisions, subsidiaries, or affiliates of a contractor;

h. A non-developmental item, if the procuring agency determines the item was developed exclusively at private expense and sold in substantial quantities, on a competitive basis, to multiple state and local governments.

i. Commercial Items do not necessarily have to be "off-the-shelf. Items that merely require modifications of a type customarily available in the commercial marketplace, or else minor Government-unique modifications , can still be considered commercial items. To qualify as representing a minor modification, The item must retain a predominance of non-govermental functions or physical characteristics.

j. This broad definition enables the Government to take greater advantage of the commercial marketplace.

k. In accordance with the Federal Acquisition Streamlining Act (FASA) of 1994, The Government now MANDATES that COMMERCIAL ITEMS be the FIRST CHOICE for all acquisitions. To comply with this mandate, the requiring activity needs to be familiar with the definition of commercial items and how market research is conducted by the contracting office. ***Contract requirements shall be described in terms that encourage private sector participation. Focus on commerciality determination.***

Market Research

Government SHALL
Buy Commercial
if there is adequate
Commercial Market Capability.

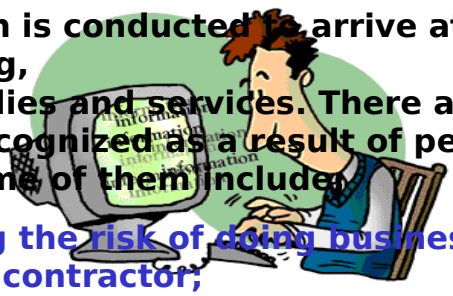
1. ACQUISITION PLANNING & MARKET RESEARCH TEAMING

a. Although acquisition personnel have historically engaged in market research, in today's environment, a greater depth of research must be conducted to assure high-quality defense solutions are provided to the end-user at a reasonable price. Further, today's market research must be conducted by drawing on the knowledge of all team members up front, to ensure ongoing access to evolving technologies. Additionally, acquisition personnel must create acquisition strategies that facilitate the introduction or incorporation of evolving commercial items into Defense systems.

b. When market research indicates the Government's need can be met by a supply or service customarily available in the marketplace that meets the broad definition of a commercial item, then the contracting officer *must* solicit and award a contract using the commercial item acquisition policies found in the Federal Acquisition Regulation (FAR) Part 12.

c. When market research indicates commercial items are not available, the pre-solicitation synopsis must include Commerce Business Daily (CBD) numbered note 26. This note notifies potential offerors that interested persons have 15 days to indicate their ability to satisfy the requirement with a commercial item. Any item other than the exact item cited in the requirements document must be evaluated for technical acceptability.

d. Market research is conducted to arrive at the most suitable approach to acquiring, distributing, and supporting supplies and services. There are specific benefits that may be recognized as a result of performing thorough market research. Some of them include:



(1) Minimizing the risk of doing business for both the Government and the contractor;

(2) Uncovering and identifying potential problems, thereby

2. TEAM DRIVEN

a. Broadly speaking, the Government uses market research to discern information of

Three Types:

(1) Technical,

(2) Pricing, and

(3) Terms and Conditions.

b. Traditionally, the program management office or the requiring activity conducted the market research, relying heavily on inputs from only the technical community. However, in this new business environment, *it is essential that representatives from all disciplines (e.g.,contracting, logistics, and cost) are included early in the process.*

c. Information gathered during market research should be used to refine the requirements and maximize the benefit of competitive market forces. To provide team input on acquisition strategy, procurement/contracting personnel gather information on contract terms and conditions for this type of item, customary incentive provisions, and expected pricing practices. To provide team input to product life cycle decisions, logistics personnel must have insight into standard industry practice regarding reliability incentives versus warranties, product obsolescence, and spares provisions. To provide team input to instant cost trades as they affect total ownership cost, cost professionals must be involved. The greatest benefit from the use of commercial practices can only be achieved by accounting for all aspects of the business strategy up front.

3. Continuous Activity

a. Market research must be an ongoing activity throughout an acquisition, in order to gather the robust data needed to make smart acquisition decisions. Information is a changing commodity; up-to-date details are necessary to render sound business judgments. The level of detail may vary by stage in the acquisition process.

b. When developing the initial requirements statement, a general understanding of terms and conditions and pricing may be sufficient for developing high level requirements analysis judgments. However, rigorous details on terms and conditions are needed to craft the final

4. [The Market Research Report]

Future commercial item acquisitions benefit from the teaming and market research that occurs on any given commercial item acquisition—but only if the details of a given acquisition are captured for future application in a market research report. The Government should document market research in a manner appropriate to the size and complexity of the acquisition. At a minimum, some type of writing is necessary to preserve pertinent details for future market research endeavors. however, individual judgment must be used in each acquisition to determine what details are important for inclusion in the final report.

5. [Market Research Pricing Considerations]

a. Market research shall be used to develop Government requirements and determine how to satisfy those requirements. This research is required as the decisions made in the acquisition process pre-solicitation phase will be key factors in defining what the Government receives and the price the Government will pay. Better understanding of the marketplace increases the likelihood that the Government's need will be met at reasonable prices.

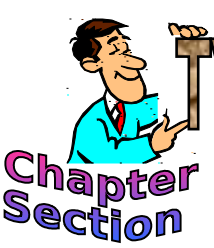
b. This same understanding of the marketplace will serve as the foundation for the development of higher fidelity contract price estimates than have historically been available. Preliminary price estimates resulting from thorough market research, as well as increased insight into the factors that affect contract price, will be key inputs to the acquisition planning process. For example, the method of contracting and the required contract terms and conditions both depend on initial estimates of contract price. In addition, initial contract price estimates are key input into the final determination of contract price reasonableness.

6. [Using Acquisition History to Support Market Research]

Contracting officers sh uisition history of the supplies and services. Th review helps ensure that prior prices timating the proper price of the current ac

7. [Historical Acquisitio uestions]

Historical data provid happened in the past. Appropriate consideratio be given to how changes to the environment affect the current acquisition environment. The table presented in Appendix F presents research



TYPES of WORK STATEMENTS

Chapter 9
Section C

1. Purpose

As key members of the acquisition teams, CORs need to understand and focus on how market research and cross-competency teaming can increase Government use of commercial items to meet warfighter needs. The acquisition team members must develop sound business strategies for acquiring commercial items in a cost-effective manner.

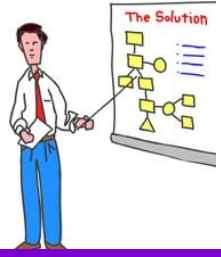
2. Background

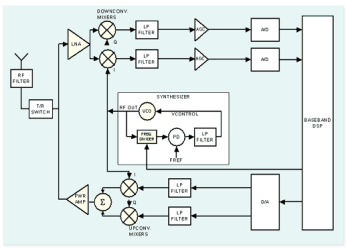
Since the passage of the Federal Acquisition Streamlining Act of 1994, the preference within the Federal Government has shifted from the acquisition of items developed exclusively for the Government to the acquisition of commercial items. This change was neces[illegible] take full advantage of available and evolving technol[illegible] commercial secto[illegible] The Government must increase its reliance on commercial item[illegible] rease warfighter capabilities.

TYPES of requirement Descriptions

FIGURE 64

c. **DESIGN DESCRIPTION (DD) or DESIGN WORK STATEMENT (DWS)**





HOW?

Government states to do the work.

There is an *Implied Warranty* that if the contractor follows the sign SOW, performance will be satisfactory.

The Governme the total risk of *incorrect statements* and *anything not stated*.

FIGURE 65

a. Finally, let us explore t n based description as it is the one with which we are most familiar. This type of SOW is used primarily when something is to be constructed or manufactured. Design requirements provide a precise statement of ***HOW work is to be performed,*** including material to be used, work methods, and work environment. The Government sets forth details on just how the contractor is to accomplish the work. The contractor's responsibility is to follow the steps outlined by the Government in the SOW.

b. It is the Government's responsibility to insure that the design description contains instructions on how to do everything necessary to produce the results intended. ***There is an implied warranty*** that if the contractor follows the design work statement satisfactory performance will result. The Government bears the burden of the risk if the contractor follows the design.

c. You can see that quality assurance or surveillance of performance is simplified when a design work statement is involved. It's easy for Government CORs, QARs or inspectors to check on the contractors performance. They can look at performance in progress to determine if the design work statement has been followed, and if they are on schedule. If not, the defects can be corrected before the task is complete.

d. The contractor's quality control is also simplified. Since the Government warrants that the desired results will be achieved if the Government design

PURCHASE DESCRIPTION (PD) NonCommercial End Items "Government Unique"

a. This type of generic description is used when purchasing *NONCOMMERCIAL* end items. The following needs to be addressed:

(1) Common name
(2) Kind of material
(3) Electrical data
(4) Dimensions, size and capacity
(5) Principles of operation
(6) Restrictive environmental conditions
(7) Intended use
(8) Location within assembly
(9) Essential operating conditions
(10) Equipment with which the item is to be used
(11) Other pertinent information/data

b. This is usually used with a manufacturing contract and any surveillance required during the manufacturing process would generally be done by the cognizant Government agency at the contractor's facility. If we should use a PID for an off-the-shelf noncommercial item it would not require a COR/QAR/inspector/monitor. A receiving officer can accept/reject on behalf of the Government without monitoring how it was made.

PURCHASE DESCRIPTIONS

GENERIC descriptions of

NONCOMMERCIAL END ITEMS

that are generally inspected extensively during the manufacturing process, by the cognizant Contract Administration Organization (CAO).

Generally considered to be "off-the-shelf items" after the manufacture and acceptance.

FIGURE 66

COMMERCIAL DESCRIPTIONS

1. **Items and service[illegible] the**

2. **Permits minor modifications/alterations.**

3. **Items and services *evolved from commercial items and services* through technological and performance delivery advan[illegible], that will be commercially a[illegible]ble by delivery or performance ti[illegible]**

4. **Non-developm[illegible]al items/services *Developed at Private [illegible]e.* to compete in [illegible]rcial markets.**

FIGURE 67

3. Commercial item definition. The definition of commercial item is broad. It includes:

a. any items (*other than real property),* that is of a type customarily used for nongovernmental purposes and that has been offered for sale or sold, leased or licensed to the general public;

b. Any item that evolved from an item described in paragraph (1) of this definition through advances in technology or performance and that is not yet available in the commercial marketplace, but will be available in the commercial marketplace in time to satisfy the delivery requirements under a Government solicitation;

c. Any item that would satisfy a criterion expressed in (1) & (2) of this definition, but for:

(1) Modifications of a type customarily available in the commercial marketplace;

(2) Minor modifications of a type <u>not</u> customarily available in the commercial marketplace made to meet Federal Government requirements. Minor modifications means modifications that do not significantly alter the nongovernmental function or essential physical characteristics of an item or component, or change the purpose of the process. Factors

e. Installation services, maintenance services, repair services, training services, and other services if such services are procured for support of an item referred to in paragraphs (a), (b), (c), or (d) of this definition, and if the source of such services:

(1) Offers such services to the general public and the Government contemporaneously and under similar terms and conditions;

(2) Offers to use same workforce for providing the Government with such services as they use for the general public;

f. Services of a type offered and sold competitively in substantial quantities in the commercial marketplace based on established catalog/market prices for specific tasks performed under standard commercial terms/conditions. This does not include services that are sold based on hourly rates without an established catalog or market price for a specific service performed;

g. Any item, combination of items, or service referred to in paragraphs (a) through (f), no matter if the item, combination of items, or service is transferred between or among separate divisions, subsidiaries, or affiliates of a contractor;

h. A non-developmental item, if the procuring agency determines the item was developed exclusively at private expense and sold in substantial quantities, on a competitive basis, to multiple state and local governments.

i. Commercial Items do not necessarily have to be "off-the-shelf. Items that merely require modifications of a type customarily available in the commercial marketplace, or else minor Government-unique modifications , can still be considered commercial items. To qualify as representing a minor modification, The item must retain a predominance of non-govermental functions or physical characteristics.

j. This broad definition enables the Government to take greater advantage of the commercial marketplace.

k. In accordance with the Federal Acquisition Streamlining Act (FASA) of 1994, The Government now MANDATES that COMMERCIAL ITEMS be the FIRST CHOICE for all acquisitions. To comply with this mandate, the

n. Additionally, the FAR commercial item definition includes services. A service is considered a commercial item when it is provided in support of a commercial item as previously defined. A service is also considered a commercial item when it is of a type offered and sold competitively in substantial quantities in the commercial market on the basis of established catalog or market prices for specific tasks performed under standard commercial terms and conditions.

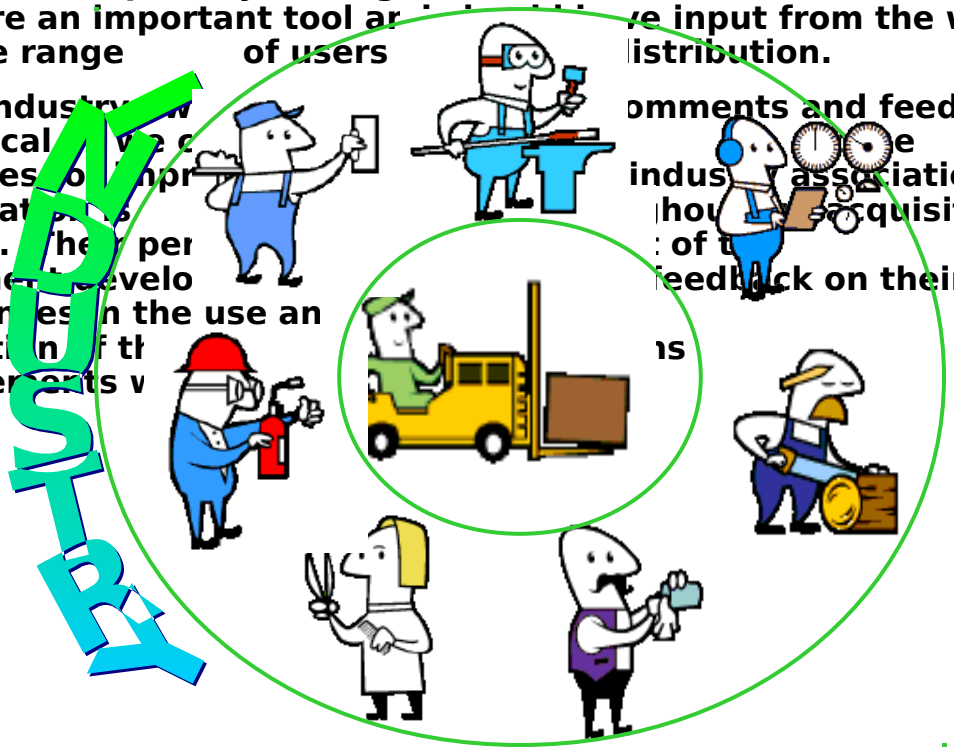
4. STRATEGY AND INITIATIVES

a. It is Army policy to use commercial products, practices and processes to the maximum extent possible. This strategy reduces unnecessary overhead and consequently reduces costs. In addition, it relies on the commercial marketplace as our industrial base. The hierarchy of preference is:

(1) Use commercial item descriptions.
(2) Use performance specifications.
(3) Use non-government (commercial) standards.
(4) Avoid use of military documents, if possible.

b. Program plans address opportunities and planned actions in technologies, disciplines and product areas for selected standardization areas. The purpose is to inform the acquisition community and industry of planned actions in standardization for decision making, planning, and opportunity to influence resource allocation and priority setting. These plans are an important tool ar e input from the widest possible range of users istribution.

c. Indust omments and feedback are critical e initiatives o indus association participat hou cquisition process. The per of t document develo eedback on their experien es n the use an applicati f th ns improvements v er needs.



PERFORMANCE Work Statement (PWS)

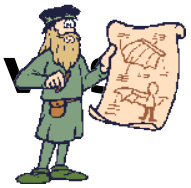
State: ***shall be done***

not **. Describes:**

Output/Functions/Results.

1. **Contractor responsible for the** ***Results N*** ***Methods.***

2. **Contractor tells Government how objectiv will be met.**



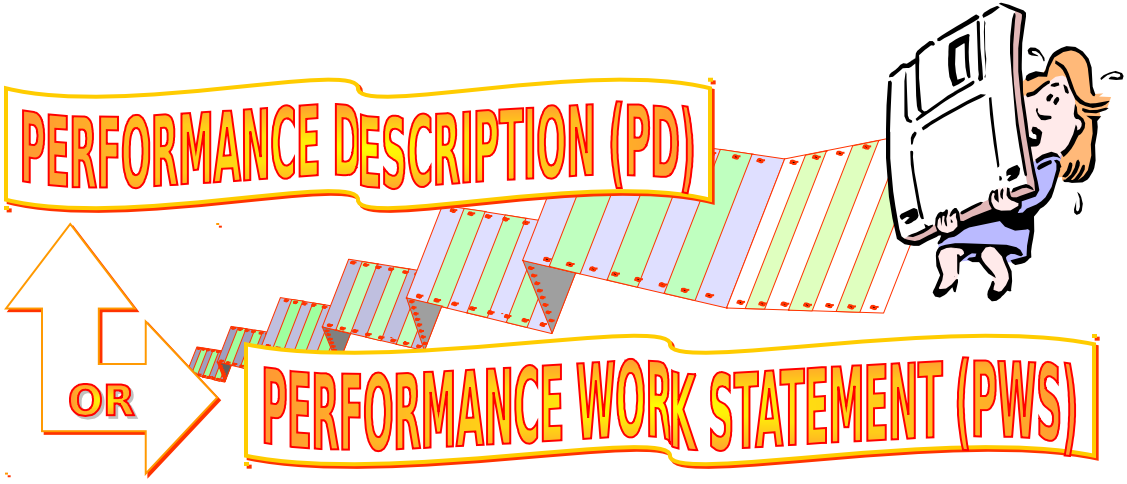
3. **Describe specific enough to .** ***Promote Competition and Protect Governme Interest.***

4. **Outline descriptions sanctioned.**

6. *Contractor* **bears the** *RISKS.*

7. **Contractor is required to meet all contract performanc**

FIGURE 68



1. PERFORMANCE-BASED REQUIREMENTS DESCRIPTIONS

a. The key aspects of a performance-based requirements description include:

(1) A description of the expected output or outcomes

(2) A statement expressing the performance characteristics

(3) A definition of the environment in which the work will be performed

(4) Measurement criteria to gauge actual versus expected performance

b. Requirements descriptions that have these characteristics are called Performance Based Statements of Work, or Statements of Objectives. A well thought-out performance-based requirements description is essential to assure the Government receives an item/service that meets the established requirements.

c. Performance-based requirements descriptions state the Government's required outcomes and provide criteria for measuring and verifying performance; they do not dictate the specific methods to be used to achieve those outcomes. Stating objectives, rather than prescribing the work to be performed, increases the possibility that previously unforeseen solutions available in the commercial marketplace will emerge to fulfill the mission requirement. It is essential that a thorough job analysis be performed so appropriate measurable performance standards (outputs) that include appropriate quality levels are included in the solicitation. Tying contractor compensation and financial risk to successful completion of these quality and performance standards increases the likelihood the Government will receive items/services that fulfill the Government requirements.

d. This type of work description states in performance oriented terms "what" is to be done, not "HOW" it is

f. The PWS must be written in such a manner as to insure that all bidders are competing on an equal basis even though they may take differing approaches to accomplishing the work. Care must be taken to eliminate unnecessary features that would restrict potential sources. Only straightforward, meaningful phrases should be used. Words such as "very clean," "acceptable manner," "maximum efficiency," or "to the satisfaction of the COR or Contracting Officer" should be avoided as they are not definitive and cannot be measured.

g. It is recognized that the formulation of certain PWSs is sometimes a difficult task because the description of the service to be performed is an intangible subject conception. For instance, in housekeeping services we are dealing with cleanliness, polish, neatness, etc. These characteristics are usually associated with senses of sight and feel and are difficult to describe. These subjective things are difficult to define unless they can somehow be quantified. Sometimes they can be, through referencing a Government or industry standard or devising an examination or test for the quality assurance provisions of the PWS.

h. The method of writing quality assurance measures into a PWS is called performance values analysis. When the Government performs a service itself, it not only generates an output, but it produces that output to meet standards to some acceptable quality level. When setting up performance values in our PWS, we need to identify three things:

(1) the performance indicators,

(2) the standards, and

(3) the acceptable quality level (AQL).

I. Performance values is a system to evaluate contractor perform terms and co are it to the

Excerpts from:

A GUIDE TO BEST PRACTICES FOR

PERFORMANCE-BASED SERVICE CONTRACTING

Office of Federal Procurement Policy (OFPP)
Office of Management and Budget (OMB)
Executive Office of the President

FINAL EDITION

Foreword

Performance-Based Service Contracting (PBSC) **emphasizes that all aspects of an acquisition be structured around the purpose of the work to be performed as opposed to the manner in which the work is to be performed or broad, imprecise statements of work which preclude an objective assessment of contractor performance. It is designed to ensure that contractors are given freedom to determine how to meet the Government's performance objectives, that appropriate performance quality levels are achieved, and that payment is made only for services that meet these levels.**

This document contains best practices that have proven useful for drafting statements of work, solicitations, and quality assurance plans, and in awarding and administering performance-based service contracts. Many of these practices were identified through the government wide Office of Federal Procurement Policy PBSC Pledge Program. This document is neither mandatory regulatory guidance, nor is it intended to serve as a detailed "how to" manual. Such manuals exist already, and citations to them are included at Appendix 1.

The purpose of this publication is to assist agencies in developing policies and procedures for implementing PBSC. The practices contained herein were derived from the experiences of contracting personnel in both government and industry. This information was gathered from interviews, articles, and existing government guidance.

We wish to thank the procurement and program officials from the Executive Departments and agencies, and those representatives from the private sector, who provided information on their experiences with PBSC. We especially appreciate the participation of those agency officials who were willing to [illegible]e in promoting and implementing this initiative [illegible] PBSC methods by joining in the OFPP PBSC pledge progr[illegible]

This is one in a series of pub[illegible] best practices developed by OFPP. Copies of these docun[illegible]e obtained from the Executive Office of the President's (EOP) Publications Office by calling 202-395-7332 or writing to the Office o[illegible]tions, 725 17th Street, NW, Room 2200, New Executive Of[illegible]ing, Washington, DC 20503. Comments and suggestions sh[illegible]addressed to the attention of

FIGURE 69

OFPP Policy Letter 91-2 established the policy of utilizing a performance-based approach to service contracting. PBSC emphasizes objective, measurable performance requirements and quality standards in developing statements of work, selecting contractors, determining contract type and incentives, and performing contract administration. Appendix 3 contains a checklist of key elements of PBSC acquisitions.

PBSC was pioneered within the Department of Defense with a great deal of success. However, this proven methodology has yet to be fully implemented governmentwide for a variety of reasons, including inexperience in writing performance-based statements of work, cultural inertia, and concerns about more open and interactive communication with industry throughout the acquisition process.

To promote implementation of this policy, OFPP initiated, in October 1994, a governmentwide pledge pilot project to encourage the use of PBSC. Services covered by the pledge ranged from janitorial and guard services to computer maintenance, and aircraft and technical support. See Appendix 4 for a list of services that provide targets of opportunity for PBSC.

The government-wide pledge was further supported by four industry associations representing over 1,000 companies. They pledged to utilize conflict resolution mechanisms to avoid protests and disputes, identify services convertible to performance-based contracting on a fixed-price basis, work with the government to eliminate obstacles to implementing this initiative, and identify commercial contracting practices adaptable for use by the government.

As a result of the pledge, 15 agencies converted 26 contracts with an estimated value of $585 million to performance-based methods. The agencies reported an average 15 percent reduction in contract price in nominal dollars, and an 18 percent improvement in satisfaction with the contractors' work. Moreover, reduced prices and increased customer satisfaction occurred at all price ranges, for both nontechnical and professional and technical services, and whether the contract remained fixed-price or was converted from cost reimbursement to fixed-price. Copies of the pilot project report, "A Report on the Performance-Based Service Contracting Pilot Project," May 1996, may be obtained from the EOP Publications Office or the Acquisition Reform Network (ARNET) (www.arnet.gov).

As evidenced by the results of the pledge, incentives for agencies to implement PBSC are numerous. For program personnel, PBSC is a tool that offers improved contractor performance. For budget offices, PBSC has already demonstrated significant cost savings. For managers, PBSC improves mission attainment and implements the principles of streamlining and innovation of the National Performance Review (NPR), as well as the Government Performance and Results Act. Further, personnel who participate on PBSC acquisitions will have the opportunity to attain recognition for their successes. In addition, contractors who do well on initial PBSC efforts will gain an advantage on future solicitations where performance is a significant evaluation factor.

FIGURE 69 (continued)

The Environmental Protection Agency (EPA) saved enough money from its first PBSC Superfund task order to fully fund the next task order.

In converting from a traditional Statement of Work (SOW) to a PBSC Performance Work Statement (PWS), some agencies have reported an increased initial up-front investment. However, the resulting savings to the agency through the use of PBSC will quickly offset the initial up-front costs. In addition, the quality improvement expected from this type of contract and the resulting expected reduction in overall contract administration costs will again offset the initial up-front costs and should provide program offices with additional resource availability.

PBSC will help to correct problems commonly associated with services contracts and identified in numerous audits, including cost overruns, schedule delays, failure to achieve specified results, and other performance problems. This document is intended to facilitate implementation of PBSC.

Appendix 5 lists references used in compiling this document.

CHAPTER 2 - BASIC DEVELOPMENTAL ELEMENTS

The contract statement of work, which is referred to as the PWS, is the foundation of performance-based services. The PBSC PWS describes the effort in terms of measurable performance standards (outputs). These standards should include such elements as "what, when, where, how many, and how well" the work is to be performed. A Quality Assurance Plan (QAP), which directly corresponds to the performance standards and measures contractor performance, is needed to determine if contractor services meet contract PWS requirements. Positive and/or negative performance incentives, based on QAP measurements, should be included. The PWS Performance Standards, QAP and Incentives are interdependent and must be compatible in form, style, and substance, and should be cross-referenced. For a procurement to be a true PBSC, it should contain a PWS, QAP, and appropriate financial incentives.

Application of only selected aspects of the total PBSC methodology is not likely to be successful, and can even cause a reduction in the value of services provided. Agencies have reported negative experiences due to the failure to define work in completion terms, to develop or enforce measurable Government quality assurance plans, and to place sufficient financial risk on the contractor.

One agency limited its implementation of PBSC to the fee portion of several major contracts. It d... gative incentives, and payment of the cost portion ... cts was not tied to performance requirements and standards. A GAO report found that

FIGURE 69
(continued)

Training for program and contracting personnel that includes how to write both PWSs and QAPs, as well as other aspects of PBSC, is of equal importance to the success of PBSC. Training can be accomplished by internal resources, external sources, or modifying existing training to include PBSC.

The Department of Energy (DOE) modified its project management course to include PBSC and contracted for a prototype training package exclusively for program personnel to help define their duties and roles in implementing PBSC.

DOE also developed an electronic bulletin board to advertise their best practices and lessons learned on PBSC and other procurement reform efforts.

DLA distributed diskette copies of the NAVFAC model PWSs and QAPs as guides for its field activities and encouraged them to utilize NAVFAC training courses to develop skills for writing their own PWSs and compatible QAPs.

To aid agencies in implementing PBSC, OFPP has solicited information on training programs or courses covering the development of PWSs and QAPS. Appendix 6 contains a list of these sources. While inclusion on this list is not an endorsement of any particular course or organization, we hope that the information will be helpful to agencies interested in PBSC training and that agencies will utilize these resources.

Agencies experienced in the use of PBSC have established a process that provides a useful model to follow when implementing PBSC. In general, the steps in this process are performing a job analysis, writing the PWS and QAP concurrently, and performing diligent contractor surveillance after contract award. This document addresses each of these important steps.

CHAPTER 3 - JOB ANALYSIS

Job analysis involves determining what the agency's needs are, and what kinds of services and outputs are to be provided by the contractor. This is of particular importance because the services or outputs identified form the basis for establishing performance requirements, developing performance standards and indicators, writing the PWS, and producing the QAP. If the job analysis is done properly, writing the PWS and QAP will be facilitated. In general, job analysis includes: agency or activity organization, work to be performed by the contractor, performance standards, directives, data gathering, and cost.

CHAP IZATION ANALYSIS

FIGURE 69 (continued)

Organization analysis involves reviewing the agency's needs and

CHAPTER 3 - Work Analysis

Work analysis involves further analyzing the required outputs by breaking down the work into its lowest task level and linking tasks in a logical flow of activities. Agencies should start with the overall service or output required from the contractor, then divide the job into all its parts and subparts, and identify the relationships among all the parts.

One method to accomplish this analysis is a tree diagram. It is a chart that divides a job into parts and subparts, each of which contributes to a final result or output, and demonstrates its relationship to the others. Appendix 7 contains a sample tree diagram.

Identifying all outputs from tasks and subtasks required of the contractor is important. Failure to do so will result in incomplete or ambiguous contractual requirements that may be difficult to enforce or lead to contractor misinterpretation and inadequate performance.

GSA reports that SOW and QAP preparation training provided by NAVFAC to GSA's pledge participants provided an excellent foundation for using job analysis techniques.

Ft. Bragg established a Process Action Team (PAT) to develop a standard format for the PWS and QAP. This was copied on a disk in WordPerfect and given to customers along with instructions on how to complete it. All the specifications were numbered and samples for technical exhibits were included. The instructions query the customers concerning their requirements. The results are then integrated into final form.

CHAPTER 3 - Performance Analysis and Standards

Performance analysis assigns a performance requirement to each task, which involves determining how a service can be measured and what performance standards and quality levels apply. The performance standard establishes the performance level required by the government. Correspondingly, the acceptable quality level (AQL) establishes a maximum allowable error rate or variation from the standard.

For example, in a requirement for taxi services, the performance standard might be "pickup within five minutes of an agreed upon time." The AQL then might be five percent, i.e., the taxi could be more than five minutes late no more than five percent of the time. Failure to perform within the AQL would result in a contract price reduction.

Under the Navy aircraft maintenance contract, requirements are stated in measurable terms such [illegible] ground abort rate is less than five percent; 100 percent of [illegible]les are met; and aircraft are 80 percent mission capable

FIGURE 69 (continued)

Care must be exercised in establishing the quality level at which performance standards are set. The minimum acceptable performance standard should rarely be 100 percent, since the standard directly affects the cost of the service. Conversely, if the quality level is too low, it may act as disincentive to good contract performance.

Where appropriate, agencies may provide either a specific performance standard or allow the contractor the option to propose different target levels of standards of service along with the appropriate price adjustment. This allows contractors an opportunity to propose what they consider to be the most cost-effective performance standard level. In order to properly evaluate alternative levels of standards proposed by the contractor, agencies need to do market research into the feasibility of accepting these alternative levels, i.e., discussing with commercial entities their contracting methods and acceptable levels of standards for the same type of service.

In a GSA contract for custodial requirements, specification writers only identified desired quality levels. Offerors' technical proposals only identified the frequency and methods to be employed to meet the quality standard. The result was maximum flexibility for the contractors.

Standards may be published or well recognized, industry-wide standards, or may be developed by the agency. Agency standards should have industry input to ensure they are realistic and effective. This may be done through public meetings, public comment on proposed standards, or Requests for Information (RFIs) per FAR 15.405.

If there are a number of tasks and deliverables, agencies should summarize them in a performance requirements summary (PRS). A PRS usually lists tasks, deliverables, standards, and quality levels. Appendix 8 contains sample PRS tables.

CHAPTER 3 - Directives Analysis

All potentially relevant agency directives should be screened to determine which should be utilized, either in whole or in part. Directives that are unnecessary, or that apply only in part, should not be referenced or included in their entirety. Negative effects from excessive or inappropriate application of specifications include: confusion or errors in performing work; undermining the government's ability to enforce required performance; unjustifiable increases in the cost of performance; unwarranted dictation of how work is to be performed, and discouraging or preventing contractor use of innovative or cost-effective performance methods.

FIGURE 69
(continued)

Wherever possible, agencies should excerpt required portions of directives and include them in the PWS. If this is impractical,

The historical workload data gathered may be used in cost estimating and analysis, and should be used as a baseline to estimate the future work requirements to be covered in the contract. This is especially important so that the offerors in addition to the incumbent can gain sufficient familiarity with the work in order to compete effectively. Also, the estimate of the future work requirements and government furnished items is critically important as the basis for the offerors to provide realistic cost estimates.

In preparing a solicitation for telephone hotline services, EPA used its extensive workload data as an attachment to the solicitation. The data included an analysis of call volume since 1989. This enabled industry to gain a better understanding of the requirement and the magnitude of the workload. It also allowed EPA to shift the burden of having the capacity to handle surges to the contractor under a fixed-price contract. Under the previous cost type contract, EPA had been paying to keep extra operators standing by even when they weren't needed.

Needed workload data is often available from existing management information subsystems or other databases or records such as sampling or on-the-job observation. If workload data is not available, various techniques can be used to generate it. For example, agencies can provide their best estimate of the data or if there is sufficient time before the award of the contract, the program personnel can immediately begin collecting workload data for a sufficient period of time to use for projections.

Some agencies have placed a performance requirement in the PWS for the incumbent contractor to maintain accurate workload data. This information can be used to help develop the baseline for future contract work estimates.

Agencies should place workload data and applicable documentation in a central area, e.g., a reference room where all potential offerors will have access to it and can readily use it in preparing their bids.

CHAPTER 3 - Cost Analysis

Estimated costs must be computed for each service or output based on available data. These costs are used in preparing the government estimate, evaluating proposals, and determining positive and negative performance incentives.

For commercial services, the marketplace should provide a sufficient baseline for cost estimating [illegible] development of their independent government estimates, agencies should include consideration of commercial costs of performing work in the private sector.

FIGURE 69 (continued)

CHAPTER 3 - Incentives

Incentives should be used when they will induce better quality performance and may be either positive, negative, or a combination of both. They should be applied selectively to motivate contractor

The Navy aircraft maintenance contract contains both positive and negative incentives. As a positive incentive, the material management function was turned over to the contractor. Material is obtained on a cost reimbursable basis, but the contractor earns a 15 percent positive incentive for cost avoidance. This "bonus" is calculated by comparing actual material costs with historical material costs adjusted by the Consumer Price Index. As a negative incentive, the contract is priced at a ready for training rate of 75 percent. To the extent this level of performance is not attained, the contract price is reduced proportionately. For example, an actual ready for training rate of 60 percent results in a 20 percent price reduction.

The definitions of standard performance, maximum positive and negative performance incentives, and the units of measurement should be established in the solicitation. They will vary from contract to contract and are subject to discussion during a source selection. Care must be taken to ensure that the incentive structure reflects both the value to the government of the various performance levels, and a meaningful incentive to the contractor. Performance incentives should be challenging yet reasonably attainable. The goal is to reward contractors for outstanding work, but not penalize them for fully satisfactorily but less than outstanding work.

The Tennessee Valley Authority (TVA) established a cash incentive for a raw water treatment service contract by creating a fee pool to which both TVA and the contractor contribute. The TVA business team evaluates the contractor's performance semiannually, and if the contractor meets the established performance evaluation criteria they are awarded their contribution to the fee pool. If they exceed the established performance evaluation criteria, they receive all or a portion of TVA's contribution to the fee pool. However, before TVA awards any portion of its contribution to the fee pool, the contractor must have demonstrated cost savings to TVA in excess of the fee pool incentive payment (e.g., if the contractor is awarded one percent, they must have saved TVA two % or more.

Incentives are especially useful in efforts that are complex, have a high-dollar value, or have a history of performance or cost overrun problems.

NASA's cost type Space Station contract provides that the contractor will be docked 25 cents for every dollar of cost overrun, but will earn an additional 25 cents for every dollar saved. In addition, all fee payments are provisional and are subject to recoupment if station hardware fails to perform.

Incentives should correlate with results. Agencies should avoid rewarding contractors for simply meeting minimum standards of contract performance, and create a proper balance between cost, performance, and schedule incentives. The incentive amount should correspond to the difficulty of the task required, but should not exceed the value of the benefits the government receives. Agencies need to follow-up to ensure results are realized, i.e., that incentives actually encourage performance and discourage

FIGURE 69
(continued)

Past performance "report cards" per FAR 42.15 should reflect adherence to performance requirements when a PWS has been used. Performance under PBSC provides better data for evaluation of past performance under other solicitations. A powerful incentive of excellence and customer satisfaction is created when contractors know their performance will influence future award decisions.

CHAPTER 4 - PERFORMANCE WORK STATEMENTS

The key elements of a PBSC PWS are: a statement of the required services in terms of output; a measurable performance standard for the output; and an AQL or allowable error rate. These will have been established during the job analysis phase discussed in Chapter 3. The PWS describes the specific requirements the contractor must meet in performance of the contract. It also specifies a standard of performance for the required tasks and the quality level the government expects the contractor to provide.

CHAPTER 4 - Content

Agencies should identify only those outputs that are essential and should be a part of the PRS. Agencies should express the outputs in clear, concise, commonly used, easily understood, measurable terms. Agencies should not repeat material in the PWS that is already included in other parts of the contract.

Agencies also should not include detailed procedures in the PWS that dictate how work is to be accomplished. Instead, they should structure the PWS around the purpose of the work to be performed, i.e., what is to be performed, rather than how to perform it. For example, instead of requiring that the lawn be mowed weekly, or that trees be pruned each Fall, state that the lawn must be maintained between 2-3" or that tree limbs not touch utility wires or buildings.

A GSA vehicle maintenance specification for service calls was changed from an hourly rate to a price-per-occurrence. This resulted in a noticeable difference in the contract price.

The Air Force found that it saved 50 percent by specifying that floors must be clean, free of scuff marks and dirt, and have a uniformly glossy finish, rather than requiring that the contractor strip and rewax the floors weekly.

Under the Navy contract for aircraft maintenance, the contractor is held to a standard of performance and is empowered to use best commercial practices and management innovation in performance. The contract does not specify how many plane captains, mechanics or parachute riggers are required to be in a crew or on the job.

To the maximum extent practicable, the PWS should be a stand-alone document, with minimal ref ulatory or other guidance. Only mandatory requiremen eferenced.

FIGURE 69 (continued)

To prevent misunderstandings, agencies should avoid abbreviations and acronyms as much as possible. Agencies should define any abbreviations and acronyms that are used the first time they appear in a document, and/or include them in a glossary or appendix.

Agencies should avoid using ambiguous words and phrases. For example, say "keep driveways clear of snow so that depth does not exceed two inches" or "maintain grass between two and three inches high" rather than "clear snow as required" or "mow grass as necessary."

The PWS should contain consistent terminology. Use the same words throughout the PWS when addressing the same thing. This is particularly important when referring to technical requirements.

CHAPTER 4 - Method

Agencies should use an interdisciplinary team approach in developing the PWS, and include, at a minimum, the contracting officer and a technical representative. The program manager, or a designee of the acquisition executive, or the Agency head should establish the team. Additional team members may include an attorney, a writing advisor, and a representative from the customer/user staff. Whenever possible, at least one team member should be experienced in PBSC contracting techniques. Once established, the team should designate a team leader to serve as a facilitator.

This team approach will result in a better final product, and limit the potential for disagreements among agency officials prior to award and during contract performance. It also serves to involve program personnel early in the acquisition process. This is important because implementation of the PBSC program resides predominantly with the program office. Program personnel are primary points-of-contact for PBSC projects. Contracting officers should actively promote the benefits of PBSC to the program offices. To this end, continued collaboration throughout the acquisition process is important.

This approach worked well for GSA where SOW preparers and contracting personnel worked as a team from the beginning. Together, they received PWS training and developed a strategy for implementing PBSC in the pledge. They plan to use this approach in addressing future needs.

EPA assembled a team to develop methods to contract for Superfund remedial projects using PBSC. The team consisted of a contracting specialist, the Remedial Section chief, and the project officer. The first project awarded using the techniques developed by the team resulted in a contract award [illegible] million less than the government estimate for the work.

FIGURE 69 (continued)

Whenever possible, agencies should utilize Solicitations for

The Department of Health and Human Services (HHS) had clear success issuing a draft solicitation for computer maintenance. They received useful comments from industry which led them to re-evaluate some aspects of their technical approach and recognize areas in need of clarification. HHS experienced fewer problems with the solicitation as a result.

The Navy issued a draft RFP which solicited industry inputs or alternatives to military specifications and standards. In response to industry's submissions, many military specifications and standards were deleted from the work statement. Some were deleted with no replacement, while others were replaced with commercial standards.

To the extent possible, agencies should disseminate draft RFPs and solicitations electronically. This saves time and money and may result in greater competition. Many agencies place acquisition information on the INTERNET and have established a link to their agency home pages on the ARNET. This information may be accessed at: http://www.arnet.gov/ AcqOpp/AcqOpp.html.

The Department of Transportation posted the National Highway and Safety Transportation Administration's property and inventory control system RFP on the Internet. This was done in the interest of expediency, to save printing costs, and to test electronic data interchange.

NASA's Acquisition Internet Service (NAIS) includes all synopses and competitive solicitations over $25,000. The address for this site is http://procurement.nasa.gov/. NAIS also allows interested businesses to designate procurement categories for which they would like to

To the extent available, agencies should utilize existing model PWSs, particularly those tested in application. Agencies often do not have to start from scratch to develop a PWS. Appendix 10 contains a list of generic PBSC documents developed by working groups consisting of agency technical and professional personnel to assist agencies in converting selected professional and technical services to PBSC methods. Copies of these documents are available from the EOP Publications Office and the ARNET.

CHAPTER 5 - QUALITY ASSURANCE PLAN AND SURVEILLANCE

The QAP defines what the government must do to ensure that the contractor has performed in accordance with the PWS performance standards. This can range from a one-time inspection of a product or service to periodic in-process inspections of on-going product or service delivery. It is neede[illegible]he government receives the quality of services called fo[illegible]ontract, and pays only for the

FIGURE 69
(continued)

The detail in the QAP regarding a particular task should be consonant with the importance of the task. The QAP should focus on the quality, quantity, and timeliness etc. of the performance outputs to be delivered by the contractor, and not on the steps required or procedures used to provide the product or service.

CHAPTER 6 - CONTRACT TYPE

Agencies should select contract types that are most likely to motivate contractors to perform optimally. PBSC encourages and enables the increased use of fixed-price contracts and incentives to encourage optimal performance.

CHAPTER 6 - Fixed-Price

Fixed-price contracts are appropriate for services that can be objectively defined in the solicitation and for which risk of performance is manageable. For such acquisitions, performance-based statements of work, measurable performance standards and surveillance plans are ideally suited. The contractor is motivated to find improved methods of performance in order to increase its profits.

CHAPTER 6 - Cost-Reimbursement

Cost-reimbursement contracts are appropriate for services that can only be defined in general terms or for which the risk of performance is not reasonably manageable. To the maximum extent practicable, PBSC methods should be used for these contracts. Where possible, they should include specific incentive provisions in addition to the award fee to insure that contractors are rewarded for good performance, as well as quality assurance deduction schedules to assure satisfactory performance.

CHAPTER 6 - Time and Material/Labor Hour Contracts

When the use of time and material/labor hour contracts is appropriate, agencies should employ PBSC methods to the maximum extent feasible.

CHAPTER 6 - Previously Acquired Services

When acquiring services that previously have been acquired by contract, agencies should rely on experience, knowledge, and historical data gained from the prior contract to incorporate PBSC methods. Where appropriate, conversion from cost-reimbursement to fixed-price arrangements should be accomplished.

FIGURE 69 (continued)

The OFPP report on the results of the PBSC pilot project demonstrated that converting cost-reimbursement non-PBSC contracts to fixed price PBSC contracts resulted in significantly

The Department of Treasury awarded a recurring base operating support services contract using PBSC. They converted from a cost-reimbursement to a fixed-price contract, and on a $6 million requirement achieved savings of over 20 percent, including the effects of inflation. Treasury also believes the government will realize further future savings, since a cost-type contract would have required at least five audits at a cost of approximately $5,000 per audit. In addition, a considerable amount of staff time will be saved due to decreased contract administration.

CHAPTER 6 - Partial Use of PBSC Methods

In situations where the entire contract is not conducive to PBSC, many tasks nevertheless may be defined in performance-based terms. In these situations PBSC methods should be used to the maximum extent possible.

A cost-reimbursement level-of-effort term contract could be converted to a fixed-price completion contract defining as much of the requirement in performance-based terms as possible. A labor-hour arrangement could be used for the remainder of the requirement that could not be sufficiently defined or to accommodate unpredictable spikes in workload.

EPA's contract for telephone hotline services was awarded on a fixed-price basis. The contractor used past history compiled by EPA to determine the amount of work it could expect. To provide additional flexibility for an emergency or crisis, quantity options (fixed price per hour) were included.

Agencies also should consider breaking up large umbrella contracts experiencing cost overruns or performance problems. This will often enable the use of PBSC for large portions of the umbrella contract. The amount of money saved, the improved performance, and the reduced contract administration effort often can outweigh the added cost of awarding and administering multiple contracts.

Agencies should award more performance-based task orders competitively when they use task order contracts. They should define their requirements in such a manner that performance-based task orders can be fixed-price.

CHAPTER 7 - CONTRACT ADMINISTRATION

Good contract administration is essential to the success of PBSC, and requires the cooperation of both program and procurement offices. Cooperation is needed to identify any organizational barriers to fostering teamwork. Such co ould be instilled and reinforced at the executive agement in the agency.

FIGURE 69
(continued)

PBSC streamlining extends to the entire acquisition process. It includes requirements definition, proposal preparation, and contract administration.

The Air Force used PBSC for a product design procurement. On a billion dollar procurement the streamlined process reduced procurement administrative lead time by 66 percent, cut program staff by 75 percent, and drove costs down by nearly 40 percent. The RFP was just 100 pages long, compared to an earlier RFP for a similar requirement that was 1,000 pages long. The program team was pared from the typical 80-100 people to a cross-functional team of 20 people. Draft requirements were shared with industry, and when the RFP was issued, contractors were given just one month to respond, which was sufficient due to their prior input. Simple performance requirements, competition, and collaboration were used to create relationships and incentives that produced extraordinary results.

For other best practices applicable to PBSC, see "*Best Practices for Contract Administration*," October 1994.

CHAPTER 8 - CONFLICT RESOLUTION

Traditionally, contracting parties have relied on claims and litigation to resolve disputes. However, this is often costly and time-consuming. In the interest of economy and efficiency, expeditious and less confrontational resolution procedures are increasingly being utilized. Communication and openness throughout the procurement process greatly reduce conflicts. The OFPP Pledge Program recognized the value of such procedures by including an agency commitment to institute an informal, timely conflict resolution mechanism for resolving pre- and post award issues.

CHAPTER 8 - Partnering

Partnering is a technique for preventing disputes from occurring. Under this concept, the agency and contractor, perhaps along with a facilitator, meet after contract award to discuss their mutual expectations. The parties mutually develop performance goals, identify potential sources of conflict, and establish cooperative ways to resolve any problems that may arise during contract performance.

Creating a partnership agreement signed by all parties - contracting officer, QAE/COTR, program office, and contractor - creates a "buy in" to the overall goal of satisfactory performance on time, within budget, and without claims.

Within the Department of D[illegible] the Army Corps of Engineers has implemented [illegible] program with its contractors and has achieved improved cost, schedule, and performance goals.

FIGURE 69 (continued)

CHAPTER 8 - Ombudsman

Some agencies have established an ombudsman to help resolve concerns or disputes that arise during the acquisition process. Typically, an ombudsman investigates selected complaints and issues nonbinding reports, with recommendations addressing problems or future improvements deemed to be desirable.

The Army Materiel Command (AMC) has had an agency ombudsman for several years. The ombudsman helps firms to resolve problems they encounter on existing AMC contracts. The ombudsman investigates reported complaints or requests for assistance from business/industry, and ensures that proper action is taken. Working directly for the commander, the ombudsman is able to cut through organizational "red tape" and improve the command problem-solving process. The success of the ombudsman program at Headquarters AMC prompted the establishment of ombudsman programs in all of the subordinate AMC buying commands. The AMC-wide ombudsman program is a positive force in the timely resolution of problems presented by contractors. It contributes to an increased level of sensitivity in the command for handling contractor problems, and results in the solution of most problems presented without the need for expensive and time-consuming litigation.

NASA also established an ombudsman program to improve communication between the agency and interested parties. The NASA ombudsman hears and works to resolve concerns from actual and potential offerors, as well as contractors, during the pre- and post award acquisition phases.

CHAPTER 8 - Alternative Dispute Resolution (ADR)

ADR means any procedure or combination of procedures used voluntarily to resolve controversies without resorting to litigation. Examples of ADR include conciliation, facilitation, mediation, and mini-trials.

ADR can provide an effective and less expensive method for resolving contract disputes. Agencies should include an agreement to utilize ADR in their contracts.

The Navy has used ADR techniques since 1982, and it has been able to resolve issues and controversies in almost 99 percent of the cases in which ADR was used. Recently, the Navy used ADR to resolve a $1.1 million dispute. The hearing on this matter was completed within six hours, and a decision was rendered the next day.

There is no single correct method for conducting ADR. Each situation is different and the ADR technique and procedures must be tailored to a particular situation and the needs of the parties.

The Army has established an [illegible] reform working group that meets periodically with indu[illegible]s upcoming procurements and the use of ADR.

FIGURE 69 (continued)

CHAPTER 9 - CONCLUSION

The best practices included in this document are a first step at providing practical guidance for implementing a performance-based approach to service contracting. The use of these methods should lead to more cost-effective acquisitions, better value, and greater competition. They should have the net effect of shifting some of the manageable performance risk from the government to the contractors. Contractors will be given more latitude for determining methods of performance, with more responsibility for performance quality. The government should experience fewer cost overruns, schedule delays, and performance problems.

By using PBSC methods, agencies have an opportunity to further the goals of streamlining and reinvention. The PBSC process requires agencies to re-evaluate their workload to determine what really needs to be done and how best to do it. Once a requirement has been subjected to this process, performance-based contracting will be easier, and agency needs will be better defined and manageable. This creates a "win/win" situation for both agencies and contractors.

FIGURE 69 (end)

TOP-LEVEL GUIDING PRINCIPLES

Excerpted from the DoD Guidebook for Performance-Based Services Acquisition (PBSA) in the Department of Defense

1. To the maximum extent practicable, agencies shall use performance-based methods for acquiring services.

2. Fixed-price, performance-based commercial service acquisitions are complementary strategies that encourage commercial contractors to conduct business with DoD.

3. Utilize a multi-functional acquisition team to the maximum extent practicable. Support it with a knowledge management infrastructure.

4. Early planning is essential in determining requirements and assessing market conditions, and it should include the user and as many relevant acquisition team members as possible.

5. To maximize returns for all stakeholders, acquisition strategies should be tailored on the basis of experience, market research, and risk. Performance-Based Services Acquisition (PBSA) is not a "one size fits all" process.

6. Strive to define requirements in clear, concise language. Focus on specific work outcomes and ensure that they are measurable to the greatest extent practicable.

7. Templates are only a partial solution. Sample work statements should be individually tailored to the requirement, and for more complex requirements, work statements should be uniquely crafted.

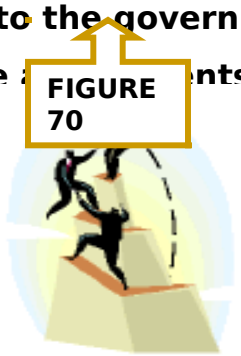
8. Through market research, public meetings, and draft solicitations, seek industry comment and suggestions regarding performance objectives, standards, and incentives.

9. Incentives should motivate a contractor to achieve performance levels of the highest quality consistent with economic efficiency. Ensure that incentives are effective and that they reflect value both to the government and to the contractor.

10. Contractor performance assessments (the process known as "quality assurance") should focus on outcomes rather than on contractor process oversight of the contractor performance, not

11. Periodic assessment of performance should emphasize clear communication, with objective of encouraging and maintaining high standards, and it should be consistent with past performance assessments.

FIGURE 70



1. INTRODUCTION

a. Policy

"It is the policy of the Department of Defense that, in order to maximize performance, innovation and competition, often at a savings, performance based strategies for the acquisition of services are to be used wherever possible. While not all acquisitions for services can be conducted in a performance-based manner, the vast majority can. Those cases in which performance-based strategies are not employed should become the exception. In order to ensure that the Department continually realizes these savings and performance gains, the DoD establishes, at a minimum, that 50 percent of service acquisitions, measured in both dollars and actions, are to be performance-based by year 2005." – Under Secretary of Defense, Acquisition, Technology & Logistics (USD (AT&L)), April 5, 2000.

2. PBSA DEFINITION

a. PBSA involves acquisition strategies, methods, and techniques that describe and communicate measurable outcomes rather than direct performance processes. It is structured around defining a service requirement in terms of performance objectives and providing contractors the latitude to determine how to meet those objectives. Simply put, it is a method for acquiring *what is required* and placing the responsibility for *how it is accomplished* on the contractor.

b. To be considered performance-based, an acquisition should contain, at a minimum, the following elements

(1) Performance work statement **- Describes the requirement in terms of measurable outcomes rather than by means of prescriptive methods.**

(2) Measurable performance standards **- To determine whether performance outcomes have been met, defines what is considered acceptable performance.**

(3) Remedies **- Procedures that address how to manage performance that does not meet performance standards. While not mandatory, *incentives should be used, where appropriate*, to encourage performance that will exceed performance standards. Remedies and incentives complement each other.**

(4) Performance Assessment Plan **- Describes how contractor**

(2) Maximize Competition and Innovation: Encouraging innovation from the supplier base by using performance requirements maximizes opportunities for competitive alternatives in lieu of government-directed solutions. Since PBSA allows for greater innovation, it has the potential to attract a broader industry base.

(3) Encourage and Promote the Use of Commercial Services: The vast majority of service requirements are commercial in nature. Use of FAR Part 12 (Acquisition of Commercial Items) procedures provides great benefits by minimizing the reporting burden and reducing the use of government-unique contract clauses and similar requirements, which can help attract a broader industry base.

(4) Shift in risk: Much of the risk is shifted from the government to industry, since contractors become responsible for achieving the objectives in the work statement through the use of their own best practices and processes. Agencies should consider this reality in determining the appropriate acquisition incentives.

(5) Achieve Savings: Experience in both government and industry has demonstrated that use of performance requirements results in cost savings.

4. PBSA TEAM

a. The PBSA team should be a customer-focused, multi-functional team that plans and manages service contracts throughout the life of the requirement. The requirement may be for a single function or for multiple functions. Estimated dollar value should not be the sole determinant of the amount of effort devoted to the acquisition.

b. Previously, it was common for contracting and other functional experts to work independently in acquiring services. This should be a thing of the past. It is essential that all stakeholders —users/customers, acquisition personnel, and industry—be involved throughout the service acquisition life cycle, from the requirements analysis phase through contract award and administration. The duties, expertise, and contributions of each PB team member are important to the suc quisition. Many functional experts c uisition team, as noted below. The description c : all-inclusive.

(1) Customer/User: Responsible for defining the requirement,

(3) Contracting Officer/Contract Specialist: Serves as the principal business advisor and principal agent for the government responsible for developing the solicitation, conducting the source selection, and managing the resultant contract and business arrangement. This individual researches contracts in the marketplace to identify general business practices such as commercial terms and conditions, contract type, bid schedule breakout, and the use of incentives.

(4) Cost/Price Analyst: Analyzes and evaluates financial price- and cost-based data for reasonableness, completeness, accuracy, and affordability. Alternatively, some agencies utilize cost engineering personnel from within an engineering division to conduct cost/price analysis from a technical standpoint.

(5) Performance assessment personnel (quality assurance personnel): Performance assessment personnel are known by many names, such as quality assurance evaluator (QAE), contracting officer's representative (COR), or contracting officer's technical representative (COTR), but their duties are essentially the same. They serve as the on-site technical managers assessing contractor performance against contract performance standards. Performance assessment personnel are responsible for researching the marketplace to remain current with the most efficient and effective performance assessment methods and techniques.

(6) Small and Disadvantaged Business Utilization (SADBU) Specialist: Serves as the principal advisor and advocate for small business issues. Also serves as the liaison with the Small Business Administration (SBA).

(7) Finance/Budget Officer: Serves as an advisor for fiscal and budgetary issues.

(8) Legal Advisor: Ensures that the commercial practices and terms and conditions contemplated are consistent with the government's legal rights, duties, and responsibilities. Reviews for legal sufficiency, and advises on acquisition strategies and contract.

(9) Miscellaneous others: Personnel from outside the agency may also be useful, depending on their area of expertise. These include people from agencies such as the Defense Logistics Agency, the Defense Contract

6. MARKET RESEARCH

a. Market research is the process of collecting and analyzing information on commercial capabilities, processes, pricing, incentives, warranties, and delivery and other standard terms and conditions. This information is needed in order to determine the suitability of the marketplace for satisfying a need or requirement. The ultimate goal of market research is to help the acquisition team become informed consumers. Information derived from market research will help the acquisition team develop the optimum strategy for meeting the requirement. This section will focus on market research as it applies to PBSA.

b. Benefits of Market Research

(1) Helps determine whether the service is commercially available.

(2) Helps the acquisition team understand what alternative solutions the marketplace can provide.

(3) Can provide insight regarding potential price expectations.

(4) Helps specify or describe agency needs.

(5) Serves as the gateway for keeping abreast of the latest in technology and current market trends.

(6) Assists in overall acquisition planning.

c. Market Research and the PBSA Process

There is no single, stand-alone step for market research in the PBSA process. Market research is a continuous process that should be revisited throughout the acquisition life cycle. Consider the following:

(1) *PreAward:* Before any documents such as the performance work statement are developed, market research should be conducted to obtain information about alternative solutions that may be available from the marketplace today. Once the requirement has been thoroughly analyzed (as described in the preceding section) market research is also useful in developing, validating, and refining the Performance Requirements Summary (PRS) for the performance work statement.

(2) *PostAward:* Some commercial market areas and their practices are continually evolving, being reshaped, and responding to various trends in the market, (e.g.,

e. Conducting Market Research

There are no specific procedures for performing market research; it should be tailored or adjusted to each acquisition. Different kinds of services may call for different approaches. The objective is to become informed about and well-versed in the particular service industry that will be providing the requirement. Therefore, the key is to be creative yet thorough. While not the only means of accomplishing market research, consider the following:

(1) Determine what information is necessary. *(What do I need to know, and what kinds of questions will I need to ask to obtain it?)*

(2) Locate informational sources where you might find specific points of contact to start market research, such as the Internet, industry associations, trade journals, and sources-sought synopses. Developing sources of information can be accomplished through group brainstorming, and it may require more than one brainstorming session.

(3) Define a list of sources, eventually narrowing it down to government and industry contacts that can provide specific information relevant to satisfying the requirement. Appendix G sets forth a list of Internet sites that may assist the acquisition team.

(4) Develop survey questions. Doing so helps to consider and capture all those items requiring investigation and research.

(5) Use the survey questions as a scripted point of reference for interviewing sources. Set a time line and discuss your results with the acquisition team.

g. Sample Survey Questions

(1) What is the normal length of a contract for the services being contemplated? Are there any special terms and conditions?

(2) Which services should be required on-site? Which can be provided off-site?

(3) What kinds of factors are used to evaluate service providers?

(4) What kinds of performance incentives are used?

(5) What kinds of performance assessment methods are commonly used?

(6) Who are your frequent customers? (Try to get a point of contact.)

(7) Who owns or furnishes needed equipment and supplies?

h. Review the results of recent or previous market research. Consider results from other agencies that have acquired similar services.

TIP 1: Start early and involve all key players in the acquisition process.

TIP 2: Contact knowledgeable individuals in the government and industry. Discuss relevant best practices and acquisition strategies.

TIP 3: Obtain source listings (yellow pages, Internet Web sites, etc.).

TIP 4: Query any known government and commercial databases.

TIP 5: Publish formal requests for information (RFIs) in the *Commerce Business Daily* (CBD) or in other electronic posting systems. However, keep in mind that the CBD may not be the best mode for reaching those commercial companies that normally don't do business with the government.

TIP 6: Review vendor publications/catalogs.

TIP 7: Host pre-solicitation industry exchanges commensurate with the size and complexity of the requirement.

TIP 8: Keep current with industry solutions in your area of expertise by attending symposiums, trade shows, etc.

7. DEVELOP A PERFORMANCE-BASED WORK STATEMENT and ESTABLISH MEASURABLE PERFORMANCE STANDARDS

The key to using performance-based methodologies is describing requirements as outcomes and <u>not in terms of how to accomplish</u> the requirement. Therefore, a performance based work statement must be carefully structured to ensure that the requirement is articulated in this manner. Accordingly, the acquisition team will conduct a series of in-depth analyses to understand the requirement fully in order to be able to articulate the desired outcomes.

a. PERFORMANCE REQUIREMENT ANALYSIS

Developing a performance work statement involves a series of analysis-oriented steps to help identify and define the requirement.

b. Define the Desired Outcomes. ***<u>What must be accomplished to satisfy the requirement</u>?***

To define desired outcomes, list what needs to be accomplished in order to satisfy the overall requirement, <u>from a top-level perspective</u>. Use an interview or brainstorming

(3) On the basis of the desired outcomes defined in STEP 1, Conduct an Outcome Analysis to identify performance objectives. *What tasks must be accomplished to arrive at the desired outcomes?*

(4) An Outcome Analysis, STEP 2, is the process that identifies specific performance objectives for those outcomes defined in the previous step. Performance Objectives are the specific services that you want performed and delivered by the contractor, defined in terms of the outcomes. This step differs from the previous step in that it goes into greater detail and expands the analysis beyond the top-level perspective. The goal is to describe adequately what is expected in accomplishing the requirement (not how to accomplish it).

(5) You should start by segregating desired outcomes into lower task levels and linking those tasks together into a logical flow of activities. Using a tree diagram to outline each of the basic outcomes (those top-level perspectives) is recommended in order to ensure that you have considered all critical elements of the requirement. Appendix A is a tree diagram that illustrates the intent of this step.

TIP 1: Keep in mind that there may not have to be a performance objective (a need to get into greater detail) for each task specified, especially those tasks at the lower task levels. The performance objective of lower tasks may be inherent in the higher level tasks and thus may be captured at that higher level. You should go only as low as you have to in order to describe the requirement adequately.

TIP 2: Ensure that each performance objective is necessary and carefully chosen. Try not to make any performance objective unduly burdensome or restrictive. Restrictive performance objectives are often pricey and may result in delivery of unnecessary requirements at a high price. However, if it is absolutely necessary in order to meet the mission, proceed accordingly.

c. On the basis of the performance objectives identified in step 2, Conduct a Performance Analysis, STEP 3, to identify the appropriate performance standards and acceptable quality levels (AQLs). *When or how will I know that the outcome has been satisfactorily achieved, and how much deviation from the performance standard will I allow the contractor, if any?*

(3) Examples of Performance Standards

(a) Response times, delivery times, timeliness – meeting deadlines or due dates, adherence to schedule.

(b) Error rates – number of mistakes/errors allowed in meeting the performance standard.

(c) Accuracy rates – similar to error rates, but most often stated in terms of percentages.

(d) Completion milestone rates – x percent complete at a given date.

(e) Cost control - keeping within the estimated cost or target cost. Applies in cost-reimbursement contract arrangement.

d. Performance Requirements Summary (PRS)

The desired outcomes, performance objectives, performance standards, and AQLs, that have been developed through the previously explained analyses are then documented in a Performance Requirements Summary (PRS). See Appendix B for a sample PRS matrix. The PRS will be the baseline for the performance work statement. PRSs should be brief and should capture the salient elements of the requirement. In the actual performance work statement, the acquisition team will elaborate on and describe the requirement in greater detail. The ultimate goal is to describe the requirement in a way that allows an offeror to understand fully what will be necessary to accomplish it. Appendix C contains several samples of PRSs.

Note:

Many of the samples in Appendix C come from various agencies and other sources. Performance objectives and performance standards are sometimes combined in one tasking sentence. Likewise, performance standards and AQLs can also be combined. There is no preferred format. Agencies should ensure only that PRSs and performance work statements fully communicate the expectation using the appropriate performance-based service acquisition elements.

8. PERFORMANCE WORK STATEMENT (PWS)

a. In the actual work statement, the acquisition team will elaborate on the contents of the PRS and describe the requirement in such a way that offerors will be able to understand fully from their point of view, what will be necessary to accomplish the requirement. Issuing a draft PRS is always a good way of obtaining industry feedback in order to achieve the best quality work statement

(3) Instead, the requirement should be described in a way that allows offerors to meet the requirement by applying alternative sets of resources. Offerors can then propose their best solutions for manpower requirements, in accordance with the described requirement.

Once the offeror submits its proposal, the acquisition team will evaluate the offeror's proposal, including manpower solutions, for best value.

(4) Since performance-based acquisition methodologies are results-oriented, agencies should not focus on contractor-proposed labor mixes after contract award, as long as the desired outcome is achieved in accordance with the stated performance standards and any other requirements in the contract.

c. Historical and Projected Workload Data

(1) Consider including historical and projected workload data and any surge requirements in the PWS, as applicable. See Appendix E for an example. This type of information allows prospective contractors to predict manpower and supply needs more accurately as they relate to the specific requirement and thus to develop more realistic proposals. While historical data are often useful, it is important to remember that they merely describe past experience and may not necessarily be indicative of the future.

(2) Workload data are often available from existing management information systems, databases, and records. If workload data are not available, consider consulting with other agencies to obtain information on similar requirements. Some agencies incorporate in PWSs a requirement to maintain accurate workload data that can be useful for future contract work estimates.

d. Performance Work Statement Review Considerations

(1) Will offerors be able to prepare a sound technical proposal? Are specific outcomes clearly stated so that the offeror will know exactly what to do and know when it is required? Are tasks realistic and performable?

(2) Will offerors be able to prepare a sound cost proposal? Is the PWS sufficiently detailed to enable both the government and the offeror to estimate labor and other costs and to identify other resources required for accomplishing each task element?

9. INCENTIVES AND REMEDIES

a. Incentives are not unique to performance-based contracting. Contracts, by their very nature, motivate successful performance—contractors that fail to per form satisfactorily don't get paid. And, increasingly, contracts are incorporating specified incentives designed to encourage superior performance. Beyond that, the government collect, maintain, and uses information on past performance. An exceptional track record gives a contractor a greater competitive edge in future source selections and thus a stronger assurance of future work.
Also, contract clauses such as *liquidated damages* provide a negative incentive—if the contractor causes harm or damage to the government as a result of failure to perform, the contractor must compensate the government in accordance with the contract clause. The overall point is that incentives are an essential element of PBSA (or any contract) and that several methodologies are available that are useful for motivating high-quality performance. This section discusses the use of incentives and remedies.

b. Types of Incentives

Incentives can be monetary, non-monetary, positive, or negative. They can be based on cost, on schedule, or on quality of performance. Regardless of the final composition and structure of the incentives, the goal is to encourage and motivate the best-quality performance.

(1) Cost-based Incentives**: Performance incentives are designed to relate profit or fee to results achieved by the contractor in relation to identified cost-based targets. For services such as maintenance of equipment, typical measures would be mean time between failures (MTBF), mean time to repair (MTTR) or system availability rates (in-commission rates). Regardless of the measure, performance incentives must be quantified and within a reasonable range (high-target-low**

(2) Award-fee Contract Arrangements: **Using evaluation factors established in an award fee plan, award-fee contracts are a tool for subjectively assessing contractor performance for a given evaluation period. They allow contractors to earn a portion (if not all) of an award-fee pool established at the beginning of the evaluation period. The agency unilaterally determines the amount of earned fee. In the context of PBSA, the award-fee evaluation will be based on a subjective assessment of how well the contractor meets or exceeds the**

(5) Past Performance: Past performance information can affect decisions to exercise options or to make future contract awards. Thus past performance assessments are a quick way for motivating improved performance or to reinforce exceptional performance. Keep in mind that the integrity of a past performance evaluation is essential.

c. Considerations When Contemplating Incentives

(1) Will enhanced performance provide additional value to the mission?

(2) Which areas of the requirement would benefit most from enhanced performance? Which areas do not need added incentives (or which areas can do without than)?

(3) How much is the agency willing to pay to achieve a level of performance beyond the performance standard? Is there a potential for using cost-sharing?

(4) Do contractors within the particular industry prefer additional performance periods (award terms) in lieu of monetary incentives (award fees)?

(5) Is the incentive affordable? Will it affect timelines or in a schedules in a positive way? Adversely?

TIP 1: Make sure incentives are realistic and attainable—in other words, understand that a contractor will not spend a dime to earn a nickel. To achieve the desired outcome, incentives should be consistent with the effort and the contract value. They must also be carefully structured to consider their overall impact and to avoid any unintended consequences while providing value for achieving the mission.

TIP 2: Make sure that incentives are built upon performance objectives and performance standards, and ensure that they are measurable and attainable. If they do not clearly communicate the agency's desires and expectations, they will have—at best—only a random chance of achieving the desired outcome. An "I'll know it when I see it" approach is neither an incentive nor a performance standard.

d. Remedies for Non-Performance

Performance-based contracts should specify procedures or

10. CONTRACTOR PERFORMANCE MANAGEMENT

Traditionally, performance-based contracting methods have used the term "quality assurance" to refer to the functions performed by the government to determine whether a contractor has fulfilled the contract obligations pertaining to quality and quantity. The term "quality assurance," however, does not accurately capture the true essence of performance-based service acquisition, since agencies do not "assure quality"—rather they assess contractor performance. As such, performance assessment is not surveillance. In a performance-based environment, it is the contractor that is contractually responsible for quality assurance, further motivated through various kinds of incentives such as award-fee and past performance assessments. Agencies are still responsible for ensuring that they get what they are paying for – by periodically evaluating performance through the appropriate assessment methods. Hereafter, "performance assessment" will be used in place of the term "quality assurance" unless otherwise noted.

a. Performance Assessment Plan

A performance assessment plan describes how government personnel will evaluate and assess contractor performance. It is intended to be a "living" document that should be revised or modified as circumstances warrant. It is based on the premise that the contractor, not the government, is responsible for managing and ensuring that quality controls meet the terms of the contract. If the performance assessment plan is not incorporated into the contract, it should nevertheless be furnished to the contractor.

b. Quality Control Plan

A quality control plan is a plan developed by the contractor for its internal use to ensure that it performs and delivers high-quality service. Often the quality control plan is part of the contractor's original proposal, and in many cases it is incorporated into the resultant contract.

c. Assessment Methods

Several methods can be used to evaluate a contractor's performance. Below are some examples of commonly used assessment methods:

(1) Random Sampling: Random sampling is a statistically based method that assumes receipt of acceptable performance if a given percentage or number of scheduled assessments are found to be acceptable. The results of

(3) Trend Analysis: Trend analysis should be used regularly and continually to assess the contractor's ongoing performance over time. It is a good idea to build a database from data that have been gathered through performance assessment. Additionally, contractor-managed metrics may provide any added information needed for the analysis. This database should be created and maintained by government personnel.

(4) Customer Feedback: Customer feedback is firsthand information from the actual users of the service. It should be used to supplement other forms of evaluation and assessment, and it is especially useful for those areas that do not lend themselves to the typical forms of assessment. However, customer feedback information should be used prudently. Sometimes customer feedback is complaint-oriented, likely to be subjective in nature, and may not always relate to actual requirements of the contract. Such information requires thorough validation.

(5) Third-Party Audits: The term "third-party audits" refers to contractor evaluation by a third-party organization that is independent of the government and the contractor. All documentation supplied to, and produced by, the third party should be made available to both the government and the contractor.

d. Performance Assessment Plan Development

(1) Performance assessment plans should be developed in conjunction with the preparation of the performance work statement. For every performance objective listed in the Performance Requirements Analysis, determine one or more methods of performance assessment. Also make sure that the methods allows for adequate assessment of the performance standard itself. In other words, will random sampling allow you to adequately measure performance in relation to the stated performance standard?

(2) The performance assessment plan should outline the acceptance process and should state how acceptance of services will occur (i.e., DD-250, etc).

(3) Performance assessment plans should describe how performance information is to be captured and documented so that it can later serve as past performance information.

(4) Effective use of the performance assessment plan, in conjunction with the contractor's

12. Best Value

a. A source selection based on best value is an excellent strategy to follow when using performance-based contracting methods. One of the goals of PBSA is to achieve the highest degree of quality and efficiency at a reasonable price. While competition is critical to attaining these goals, the best-value offeror may not be at the lowest price. Best-value source selections allow for tradeoffs in evaluation factors that will consider award to other than the lowest-priced offeror.

b. One of the main challenges in determining best value is assessing performance risk. This is challenging because the offerors may be proposing different approaches that can be difficult to compare (an "apples to oranges" comparison). While Section M of a solicitation provides the basis for evaluation, there is no precise science to assessing dissimilar approaches toward fulfilling a performance-based service requirement. If no expertise exists, consider enlisting the aid of consultants if possible.

c. Instructions to Offerors

Section L is that place in the solicitation where information and guidance are provided to help offerors prepare proposals in response to the solicitation. As previously discussed, the PWS, Section L, and Section M all tie together. The PWS describes the requirement. Section L requests information relating to how the offeror will execute that requirement, for evaluation purposes. Section M describes how the proposal will be evaluated for source selection purposes. The following example describes one piece of a requirement to illustrate the relationship between the three areas simply.

FIGURE 71

PERFORMANCE WORK STATEMENT (PWS)

Section L & Section M

Provide taxi service so that pick-up time is within 5 minutes of request time, 95% of the time.

The offeror shall describe how taxi service will be provided in accordance with the stated requirement.

The agency will evaluate the offeror's approach for taxi service. The offer will be evaluated for best value, in terms of technical merit and cost, with additional consideration for the offeror's relevant past performance (track record).

EVALUATION FACTORS

Evaluation factors used for assessing offerors' proposals should be crafted so as to permit the selection of the offeror that will most likely provide the best value. To help ensure that selection decisions are based on significant determinants, evaluation factors should be kept to a minimum. Each factor should receive the appropriate weighting based on its relative importance. Evaluation factors may include areas such as management approach, relevant experience, past performance, and price.

CONTRACT ADMINISTRATION AND OTHER CONSIDERATIONS

Contract administration embraces all those activities performed by government officials after award to ensure the performance and delivery of requirements within the terms of the contract. It encompasses all activity involving the government and the contractor from contract award until performance completion and contract closeout. Contract administration constitutes the management of the contract from both a contractual and technical standpoint to assure that the contractor delivers in accordance with the contract's terms. Therefore, it is incumbent upon the PBSA team to understand some of the common activities within contract administration and their role in this process.

The specific nature and extent of contract administration varies from contract to contract. It can range from the minimum acceptance of a delivery and payment for delivery to extensive involvement by program, audit, and procurement officials throughout the contract term. Factors influencing the degree of contract administration include the nature and complexity of the service and the type of contract.

Good contract administration also assures that the end users are satisfied with the product or service being obtained under the contract. One way of verifying customer satisfaction is to obtain input directly from the customers through the use of customer satisfaction surveys. These surveys help to improve contractor performance because the feedback can be used to notify the contractor when specified aspects of the contract are not being met. Customer satisfaction surveys also help to improve communications between the procurement, program, and contractor personnel.

Postaward Orientation

The purpose of a postaward orientation is to ensure that the contractor and the government completely understand their respective roles in the contract arrangement and their relationship after award and before contract performance begins. While the decision to conduct a postaward conference is at the discretion of the contracting officer, postaward orientations are highly recommended to encourage a strong business relationship at the onset of the contract.

A postaward orientation allows all interested parties to discuss the contract and the elements of the requirement. This type of discussion helps the contractor and the to achieve a clear and mutual understanding of con ements, terms, and conditions and identify and resolve any current problems. However, the contractor should already ng working knowledge of the requirement. All issues discu the postaward conference should be documented.

Documenting Contractor Performance Assessments

Each performance assessment activity should be documented during

PBSA APPENDIXES

APPENDIX A – TREE DIAGRAM

APPENDIX B – PERFORMANCE REQUIREMENTS SUMMARY MATRIX

APPENDIX C – SAMPLE PERFORMANCE REQUIREMENTS

APPENDIX D – INCENTIVES EXAMPLES

APPENDIX E – WORKLOAD DATA SAMPLE

APPENDIX F – HELPFUL PERFORMANCE ASSESSMENT METHODS

APPENDIX G – MARKET RESEARCH WEB SITES

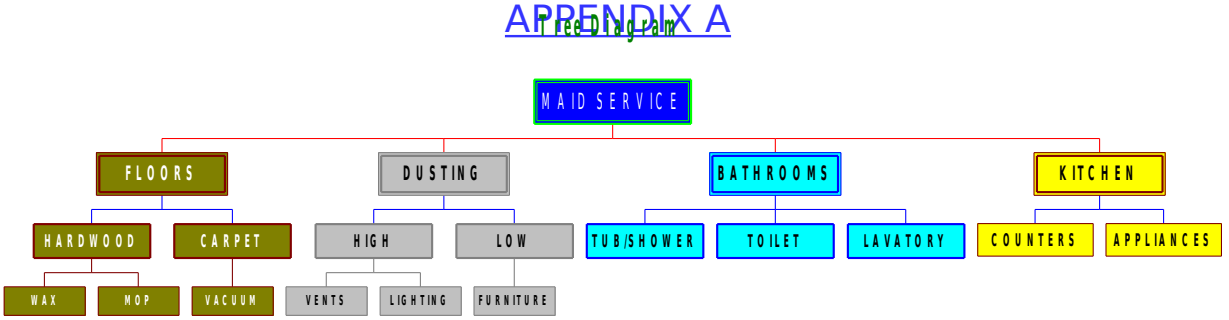
APPENDIX H – PERFORMANCE WORK STATEMENT (PWS) WRITING TIPS

APPENDIX I – AWARD TERMS

APPENDIX J – WRIGHT BROTHERS PERFORMANCE-BASED SPECIFICATIONS

APPENDIX K – REFERENCES AND WEB SITES

APPENDIX A



Appendix B

Performance Requirements Summary Matrix

Lot Size Defined:				
Performance Objective	**Performance Standard**	**Incentive Value**	**Monitoring Method**	**Acceptable Quality Level (AQL)**
(Task Defined)	**(Deduct Schedule)**			

APPENDIX C

Sample Performance Requirements Providing Access to a Service

PERFORMANCE OBJECTIVE	PERFORMANCE STANDARD (AND AQL)	PERFORMANCE ASSESSMENT METHOD
Maintain customer access to automated information during established hours.	Service must not be closed to public access more than **x** minutes during the month. (day, hour)	1. Random inspection (site visits, telephone calls). 2. Review automated phone system reports. 3. Review contractor reports.

Maintaining an Information Data Base

PERFORMANCE OBJECTIVE	PERFORMANCE STANDARD (AND AQL)	PERFORMANCE ASSESSMENT METHOD
Maintain an electronic database.	The inquiry response database may not contain more than **x%** of incorrect, inaccessible, or inappropriate lines of information.	Review random portions of database for accuracy, appropriateness, and accessibility of information.

Reporting to the Government

PERFORMANCE OBJECTIVE	PERFORMANCE STANDARD (AND AQL)	PERFORMANCE ASSESSMENT METHOD
Provide timely notification on items requiring government action.	No more than **x** (or **x%)** of the reports to appropriate government contact may be later than the specified time period, **AND/OR** no more than **x** (or **x%)** of required situations may go unreported.	Review operational logs, databases, or metrics.
Deliver required reports.	No more than **x** (or **x%**) of the reports to appropriate government contact may be later than the specified time period.	Review reports and logs.

Gather required information from callers.	Report every ____ (month, quarter) on the statistical or other information that has been gathered. At least **x%** of the information gathered must be relevant and accurate.	1. Review records and reports. 2. Make test calls. 3. Randomly verify process on-site.

Reporting to the Inquiries

PERFORMANCE OBJECTIVE PERFORMANCE STANDARD (AND AQL) ASSESSMENT METHOD		PERFORMANCE
Provide accurate and current responses tailored to the individual needs of the caller and to agency requirements.	Provide at least **x%** acceptable responses during the month. **OR** Receive no more than **x** valid complaints about service during the month.	1. Make sample or test calls. 2. Review call logs. 3. Review standard scripts. 4. Review complaint logs.
Respond to all incoming telephone inquiries during the operating hours within standard call load.	Respond to at least x% of incoming telephone calls. **OR** Respond to at least x% of incoming telephone calls within x seconds.	1. Review of automated telephone system data. 2. Review of reports. 5. Review of quality control activities.
Respond to surges of phone inquiries (calls that exceed the standard call range per ___ (day, month, etc).	Respond to at least x% (less than the % in the standard above) of incoming telephone calls in a surge. **OR** Within x minutes (or hrs) of the beginning of a surge respond to at least x% (the same % as in the standard above) of incoming telephone calls.	1. Review of automated telephone system data. 2. Review of reports.
Response to inquiries must be delivered timely.	All employees must be able to respond to any inquiry within x minutes. **OR** At least x% of callers must receive a final response from the first contact.	

Provide courteous service.	Receive no more than x valid complaints during the month.	1. Make sample or test calls. 2. Review complaint logs. 3. Review quality control activities.

Supporting a Call Center Operations

PERFORMANCE OBJECTIVE	PERFORMANCE STANDARD (AND AQL)	PERFORMANCE ASSESSMENT METHOD
Maintain all equipment and materials.	Equipment failures, non-availability, or maintenance shall not interfere with operations for more than x minutes during a month (day, etc.).	Random inspection; audit or review by third party.
Develop and conduct a liaison program.	Contact (phone, visit) at least x% of the required offices each month, with at least x% of the offices having been contacted at the end of each year.	Perform random verification of list of contacts.
Develop and conduct a public outreach program.	Perform at least x% of the required program each month, with at least x% of the program having been completed at the end of each year.	1. Review contractor records, sample products. 2. Review the effect on call volume in call records.
Assure continuous quality improvement in service and technology.	Report every month (qtr, etc.) on improvements in service and technology that could be implemented.	Review recommendations.
Assure that customers are satisfied with quality of service.	At least x% of customers contacted (or potential customers contacted) must be satisfied with service.	1. Review and validate customer surveys. 2. Conduct independent surveys.

Examples of Performance Requirements Summary

REQUIREMENT (OUTCOME)	PERFORMANCE OBJECTIVE	
Safety Program	Establish, implement, and maintain a comprehensive safety program.	Program meets current requirements of federal law. 1. No OSHA-reportable violations resulting from contractor action or inaction. 2. Mishap frequency and severity rate shall not exceed the base three-year average.
Network Help Desk	Provide timely and efficient service.	75% of technical support questions resolved within eight working hours; remaining 25% of technical support calls resolved within 24 working hours.
Family Housing Maintenance	Provide maintenance and repair services to family housing at XYZ location.	Valid customer complaints concerning response and execution of all work orders shall not exceed X p/month.

Mess Attendant Services

PERFORMANCE OBJECTIVE	PERFORMANCE STANDARD AQL
Prepare food listed on menu according to commercially acceptable standards for particular menu item.	95% of the per meal menu items meet standards.
Comply with sanitation requirements of food codes and state and local laws/regulations, resulting in a satisfactory or better rating in health inspections.	100% of the time (no deviation).
Courteous employees deliver timely service.	95% of monthly meal periods meet standard.
Provide food supplies (i.e., utensils, condiments, napkins)	95% of monthly meal periods meet standard.
Maintain the interior and exterior of the dining facility in good appearance condition	95% of monthly meal periods meet standard.

PERFORMANCE OBJECTIVE	PERFORMANCE ST
Perform preventive maintenance.	Elevators are fully operational 99% of time.
Repair service calls.	Repairs are made in a timely manner; customers are informed of expected repair time within three hours of call.
Emergency calls.	Response and repair is made within the specified time; response: 30 minutes

Lead-Based Paint Abatement

PERFORMANCE OBJECTIVE	PERFORMANCE STANDARD and AQL
Remove lead-based paint.	Paint is removed and no additional lead is present; air, soil, and surrounding work area free of lead; all waste disposed of properly; 100% of the time.

Operations & Maintenance (O&M) of an Energy Management & Control Systems

PERFORMANCE OBJECTIVE	PERFORMANCE STANDARD and AQL
Operate EMCS equipment.	Comfort levels are maintained; energy goals are met; metrics are maintained on system efficiencies; all systems are balanced; (INSERT AQL)
Preventive maintenance	System is fully operational; system defects are identified for timely repair; (INSERT AQL)

Satellite Control Center Service

PERFORMANCE OBJECTIVE	PERFORMANCE STANDARD and AQL
Conduct an effective position certification program to ensure qualified personnel are provided for orbital analysis.	95% of personnel certified within X timelines per year (offeror-proposed).
Provide orbital analysis and related services to support mission requirements.	Telephonic support within 15 minutes. In-person support (as requested) within 90 minutes.
Provide orbital safety support for protection of space systems from damaging debris.	No more than one noted incident of system impact per month.

Transportation and Delivery of Munitions/Maintenance of Bomb Racks

APPENDIX D

Incentives Examples

POSITIVE	NEGATIVE
When performance exceeds standard, pay X% given time period, X% of that period's payment amount accrued in pool.	When performance is below standard for a monthly payment into pool. At end of Y months, pay contractor will be withheld.
When performance exceeds standard, pay X% of monthly payment into pool. When pool has reached Y dollars, pay contractor amount accrued in the pool.	When performance is below standard for a given time period, require the contractor to re-perform the service at no additional cost to the Government.
When performance has exceeded the standard For X consecutive months, reduce government oversight or contractor reporting, as appropriate.	When performance is below standard for X consecutive months, increase surveillance or contractor reporting.
Document past-performance report card, paying particular attention to performance that exceeded the standard.	Document past-performance report card, paying particular attention to performance that failed to meet the standard.

Courtesy of Jefferson Solutions

APPENDIX E

Workload Data Example

Elevator Maintenance

ITEM	NAME	ESTIMATED QUANTITY
1	**Inspect and test elevators**	_____**Ea**
2	**Number of** *(List each type of elevator separately)*	

APPENDIX F

Performance Assessment Methods

PERFORMANCE OBJECTIVE AND STANDARD AQL	METHOD OF PERFORMANCE ASSESSMENT	
Customer Service Center Contractor Metrics		**Emergency:**
30 min duty hrs		**Emergency 100%**
Periodic review of records and		**1 hr non duty**
Urgent 98.5%		**customer feedback.**
completed (safed) in 24 hrs		**Routine 95%**
Urgent – completed in 5 days		
Routine – completed in 30 days		
Control backlog of work		**Max 10% of**
all work. Periodic review of records.		
requests/workorders.		
Operate, maintain and repair	**Max system utility**	
Periodic review of maint		
UPS system.	**failure 5.3 minutes**	
records, outage reports.		
	(99.99%) annually.	
Environmental program:		**Zero**
environmental Quality audits of contractor		**comply with**
Fed, State, local, enforcement actions.		**records, area, and**
inspection		
DoD, AF, and base regulations		
reports.		
statutes, directives, policies, and		
programs		
Contractor quality program		**Zero major & ≥**
Semi-annual audit of govt &		
5 minor defects per		**contractor**
records.		
period.		
Deliver munitions:		**Accurate deliveries**
Review delivery schedules.		
	and scheduled delivery	
	times met:	
Priority 1 on time		**Priority 1**
100%		
Priority 2 1 hour		**Priority 2 95%**
Priority 3 8 hours		**Priority 3**
90%		

APPENDIX G

Helpful Market Research Web Sites

http://www.imart.org/

A collection of search engines, directories, and databases to aid in market research.

http://www.cadv.org/

Disseminates information to enable exchanges of questions and answers and to share best practices and lessons learned.

http://govcon.com

http://www.industrylink.com

Hundreds of links to companies grouped by technology.

http://bigbook.com

Yellow pages of 16 million U.S. businesses.

http://switchboard.com

Business search engine.

http://www.techweb.com

More than 100 links to industry, focused on electronics.

APPENDIX H

Performance Work Statement (PWS) Writing Tips

Sample PWS Format

Support Services Contracts. A PWS for support services will generally describe all the pertinent work to be performed, along with measurements of adequate work performance, evaluation and assessment techniques, and applicable incentives. Below are common elements that are included in a PWS:

1. **Introduction**
2. **Scope of Work**
3. **Requirements/Performance Standards**
4. **Contract Deliverables**
5. **Data Requirements**
6. **Appendixes**

Major Systems Contracts. Contracts for definition and development of major systems should consist of short, outcome-based PWSs that do not necessarily incorporate the detail of that of a support-service PWS. These requirements will usually have a specification/contract deliverable requirements list, which may contain specific product requirements as well. Regardless, the PWS should describe all requirements necessary to complete each task element and should be comprehensive to allow the contractor the means of generating information necessary for design, prototype, test, and verification phases of the procurement. Following is a suggested outline:

1. **Introduction**
2. **Scope of Work**
3. **Work to be Performed**

3.1 Program Management

3.2 Systems Engineering

3.3 Design and Development of Primary Mission Product or Space Vehicle

3.4 Other Work

3.4.1 Launch Support

3.4.2 Performance Assurance

3.4.3 Training

3.4.4 Anomaly Resolution

3.5 Performance Standards

4. **Contract Deliverables**

Study and Preliminary Definition Contract. **For study and preliminary definition contracts, the PWS should provide sufficient latitude for creativity, innovation, and research. Describe desired outcomes in such a way that further study can be made for the most promising systems. Following is a suggested outline:**

1. **Introduction**
2. **Scope of Work**
3. **Project Schedule**
4. **Contract Tasks**
   - **4.1 Performance Standards**
5. **Study Management**
6. **Guidelines**
7. **Data Requirements Appendix**

Research and Development (R&D) Contracts.

R&D efforts often focus on abstract objectives where outcomes are difficult to describe precisely in advance. Therefore, an R&D PWS can be challenging to develop. Consider breaking the effort into "sub-outcomes" or phases. The PWS should provide flexibility to allow offerors innovation and creativity. In basic research, emphasis will normally focus on limited rather than ultimate objectives. In basic research programs, where results cannot be determined in advance, no deliverable is required except a final report, and objective performance standards cannot be set, the proper procurement vehicle is usually a cooperative agreement rather than a contract. Following is a sample outline:

1. **Introduction**
2. **Scope of Work**
3. **Description of Tasks to be Performed**
   - **3.1. Performance Standards**
4. **Schedule**
5. **Reporting Requirements**
6. **Attachments, Appendixes and Exhibits**

Typical Sections of the PWS:

1. ***Introduction.***

Describes program goals, desired results to be achieved, interfaces that must be considered, and any previous problems that have been encountered (e.g., any known phenomena, techniques, methodology, or results of related work). Keep this section succinct and to the point.

2. ***Scope Of Work.***

3. ***Requirements.***

This portion is basically transference of the Performance Requirement Summary (PRS) matrix into the PWS. In other words, it is the PRS in text form, also containing greater detail. Specify standards to which the requirement must be completed. Include historical data on previous contracts or work by in-house personnel. Consider that a contractor will have a greater chance at success with adequate information that clearly defines the magnitude, quality, and scope of each outcome.

4. ***Data Requirements.***

This section contains information on data requirements, such as reports or any of those items contained within a contract data reports list (CDRL). (Some agencies instead list CDRL items separately in Section J of the contract). Strive to minimize data requirements that require government approval and delivery. Acquire only the data thaat are absolutely necessary. The usual rule of thumb is to limit data to those needed by the government to make a decision or to comply with a higher level requirement.

5. ***Attachment, Appendixes, and Exhibits.***

a. Through preliminary research and acquisition planning, the acquisition team should already have screened potentially relevant and necessary directives (e.g., the government, DoD, and federal agencies). If only a portion of a directive is pertinent, do not reference or include it in its entirety. Instead, excerpt only required parts of the directive into the PWS. Consider that the number of directives referenced should be few and should be restricted to those necessary as sources of such vital information as task descriptions, quality standards, and statutory or regulatory limitations.

b. Many undesirable consequences can result from excessive or inappropriate application of directives, such as confusion or error due to conflicting guidance or unintentional direction buried within the document. If the government specifies "how to perform," even within the context of one or more published documents, it then assumes outcome responsibility.

c. Any essential document referenced in the solicitation should be furnished either with the solicitation or made available at a specified location noted in the solicitation.
Remember to include the date or version of each document.

6. ***Schedules Or Period Of Performance.***

7. ***Task Orders.***

Task-order contracts will also require well-written, precise, definitive PWSs that include performance standards and incentives as appropriate. Ensure that all essential taskings are included and that those that are unnecessary or duplicative are deleted. Task descriptions should clearly define each deliverable outcome. Subtasks should be listed in their appropriate order and should conform to the numbering within the basic PWS from which the task order derives.

8. ***Style.***

This is the method used in expressing ideas in phrases, sentences, and paragraphs. Strive to include all the essential information in a concise, accurate, thorough, and logical sequence, with the clearest, simplest possible presentation. Avoid the use of complex words. The purpose of writing is to express, not impress.

9. ***Sentences.***

Good writing of any type depends on natural order. It is wise to eliminate a long, complicated sentence by rearranging it into two or three shorter, simpler sentences limited to a single thought or idea. Avoid spicing sentences with legal phrases, technical jargon, and other elaborate phrases. This type of writing is difficult to read and comprehend. Strive to omit extraneous words or phrases. Eliminate unnecessary words from sentences and omit unnecessary sentences from paragraphs.

10. ***Paragraphs.***

A paragraph may consist of one or more sentences to state and discuss a single idea or like ideas. State the main idea in the first or topic sentence at the beginning of the paragraph to allow readers to grasp the meaning immediately. The topic sentence provides a base for subsequent sentences in developing and supporting the main idea. While paragraph length will vary, avoid long paragraphs if possible, since they may crowd ideas and confuse the reader. Shorter paragraphs usually are more visually appealing and easier to read and understand.

11. ***Language Use.***

Use the active voice rather than the passive. Active writing uses action verbs that illustrate the subject as performing rather than receiving the action verb. The active voice is nearly always clearer and more direct than the passive, resulting in fewer words without reducing clarity of technical and contractual intent. Also, the active voice makes the subject (i.e., the contractor) responsible and accountable for the action or performance required. The active voice is tailor-made for the performance-based

12. ***Ambiguity.***

Ambiguity is the use of vague, indefinite, uncertain terms and words with double meanings. Examples of some ambiguous phrases include "securely mounted," "properly assembled," and "carefully performed." They are ambiguous because one can't quantify, precisely measure, or state objectively what these phrases mean.

13. ***Punctuation.***

Use minimal punctuation to keep the PWS clear. Since the goal is to write simple, short, concise sentences, a well-written document should require minimum punctuation. When complicated punctuation is required, consider rewriting the sentence instead. Construct sentences so that inadvertent misplacement or elimination of a punctuation mark will not alter the intended meaning. Moreover, for maximum possible clarity, follow the formal rules of punctuation.

14. ***Abbreviations/Acronyms.***

Abbreviations/acronyms are a form of shorthand used to make complex terms short and precise. However, many misunderstandings arise from using them because of reader unfamiliarity or because they may have multiple meanings (e.g., "CO" could mean commanding officer, contracting officer, or change order, depending on the context in which it appears). Remember to define them upon first use, followed by the abbreviation, and acronym in parentheses. When there are many abbreviations/acronyms, develop a glossary of them.

15. ***Symbols.***_

Recommend using the full word associated with the symbol unless the meaning is universally clear (e.g., *foot* for ', *inch* for", *pound* for #, *at* for @, *percent* for %).

16. ***Numbers.***

Spell out numbers under 10 except when they represent dimensions. Use the numeral form for figures 10 and above (e.g., 12, 45, 88). Represent dimensions, degrees of temperature, percentages, and dollars and cents as numerals (e.g., 2 inches by 4 inches, 40 degrees F., 30 percent, $6.75). "One" or "zero" should always be spelled out when used alone. When two numbers are used together to define both size and quantity, use a written word for one number (e.g., six 55-gallon metal drums; eight 40-Cu. Yd. non-compactor containers)· Using both words and numerals (e.g., "ten (10) calendar days") is allowable but is usually superfluous.

17. ***Redundancy And Repetition***

18. MISUSED WORDS AND PHRASES.

Here is a list of often-misused and abused words, phrases, and terminology that, when they are improperly applied, will only confuse the reader and obfuscate rather than clarify what the government's true requirements are:

a. Use *of "Shall" and "Will":*

Shall **is used to specify that a provision is binding, and it ordinarily is used to describe the work required to be done by the contractor.** ***Will*****, on the other hand, is used simply to express a statement of acts and actions that will occur (simply futurity).**

b. Use *of "Any" and "Either":*

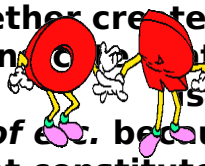
These words imply a choice in what needs to be done contractually. Unless the intent is to give the contractor a choice, specify the true intent. For instance, the word *any* means a limited number selected at the discretion of the reader (contractor). The statement, "mow any areas over...." can mean any of the areas selected by the contractor, while "mow areas over.." means every area spelled out in the requirements. The word *either* implies a choice between two options. For instance, "clean glass on either side" is incorrect if the intent is to require the contractor to clean *both* sides of the glass.

c. Use of *"And", "Or", "And/or", and "Etc".*

conditions are true, and of the

is cause

using those two words together creates ambiguity. It is not clear if



may be intended to include both conditions are true or that only one is true, and it is unknown which of the two cases is intended. Avoid the use *of etc.* because the reader may not be aware of what constitutes of the subset of *etc*.

1. INTRODUCTION

This is the basis for evaluating of the contractor's performance and for presenting an assessment of that performance to the term-determining official (TDO). The evaluation for the number of term points to be awarded will begin at the start of the contract.

a. Award-term contracting is effective when:

(1) performance metrics are objective,

(2) a long-term business relationship is of value to government and the contractor, and

(3) the expected outcomes are known up-front.

b. The specific criteria and procedures used for assessing the contractor's performance and for determining the award term earned are described herein. All TDO decisions regarding the award-term points—including, but not limited to, the number of points, if any; the methodology used to calculate the points; the calculation of the points; the contractor's entitlement to the points: and the nature and success of the contractor's performance—are final and not subject to dispute.

c. The award term will be provided to the supplier through unilateral contract modifications based upon points earned as determined by the TDO.

2. ORGANIZATION

The award-term organization includes the TDO and an Award-Term Review Board (ATRB) consisting of a chairperson, the contracting officer, a recorder, other functional area participants, advisory members, and the performance monitors.

3. RESPONSIBILITIES

a. *Term-Determining Official.*

The TDO approves the award-term plan and any significant changes to it. The TDO reviews the recommendations of the ATRB, considers all pertinent data, and determines the earned award-term points for each evaluation period. The TDO

c. *Award-Term Review Board.*

ATRB members review performance monitors' evaluation of the contractor's performance, consider all information from pertinent sources, prepare interim performance reports, and arrive at the earned award-term points recommendation to be presented to the TDO. The ATRB will also recommend changes to this plan. An assessment of the contractor's performance will be done on a yearly basis.

d. *ATRB Recorder.*

The ATRB recorder is responsible for coordinating the administrative actions required by the performance monitors, the ATRB, and the TDO.

e. *Contracting Officer (CO).*

The CO is the liaison between contractor and government personnel. Subsequent to the TDO decision, the CO evaluates the award-term points available and modifies the contract period of performance, if necessary, to reflect the decision.

f. *Performance Monitors.*

Performance monitors maintain written records of the contractor's performance in their assigned evaluation areas so that a fair and accurate evaluation is obtained. Monitors prepare interim and end-of-period evaluation reports as directed by the ATRB.

4. AWARD-TERM PROCESSES

a. *Available Award-Term Points.*

The earned award-term points will be based on the contractor's performance during each evaluation period. An accumulation of positive points (e.g., +50, +75, or +100) is required for a one-year term extension, while an accumulation of negative points (e.g., -50, -75, or -100) results in a one-year reduction in the contract period. It is important that the point system be tailored to the particular acquisition.

b. *Evaluation Criteria.*

If the CO does not give specific notice in writing to the contractor of any change to the evaluation criteria prior to the start of a new evaluation period, then the same criteria listed for the preceding period will be used in the following award-term evaluation period. Modifications to the plan shall take

d. *End-of-Period Evaluations.*

The ATRB recorder notifies ATRB members and performance monitors 14 calendar days before the end of the evaluation period. The contractor presents its self-assessment to the CO within five working days after the end of the evaluation period. This written assessment of the contractor's performance throughout the evaluation period may also contain any information that could be reasonably expected to assist the ATRB in evaluating its performance. The self-assessment may not exceed 25 pages.

Performance monitors submit their evaluation reports to the ATRB 14 calendar days after the end of the evaluation period. The ATRB forwards copies to the contractor.

The performance monitors provide oral presentations to the ATRB 21 days after the end of evaluation period. The contractor is then given an opportunity to address the performance monitor evaluations. The ATRB prepares its evaluation report and recommendation regarding earned or unearned award-term points. The ATRB briefs the evaluation report, and recommendation to the TDO within 30 calendar days after the end of the evaluation period. The TDO determines the overall award-term points for the evaluation period within 45 calendar days after each evaluation period. The TDO letter informs the contractor of the earned award-term points and the total cumulative points. Upon the accumulation of sufficient award term-points, the CO issues a contract modification within 15 calendar days after the TDO's decision is made authorizing an award extension or reduction based on the earned or unearned award-term points.

5. AWARD-TERM PLAN CHANGE PROCEDURE

Proposed changes to the award-term plan will be bilateral. If either party desires a change to the award-term plan and a mutual agreement cannot be reached, the original award-term plan will remain in effect.

6. AWARD-TERM CLAUSE

a. In addition to the terms set forth elsewhere in the contract, the contractor may earn an extension or reduction to the contract period from a minimum of 5 to a maximum of 10 years on the basis of performance during the evaluation periods. The contractor is evaluated during the first year of performance, but extensions or reductions start in the second year. If scores are very good during Year 2, the contractor earns Year 4; if scores are very good in Year 3, the contractor earns Year 5. In Year 5, the contractor must earn a score of "excellent" in order for the contract period to be

a. *Award Term.*

The award-term concept is an incentive that permits extension of the contract period beyond the base period of performance for superior performance *or reduction of the contract period of performance because of poor performance.*

b. *Term Points.*

Positive or negative points are accumulated during each evaluation period on the basis of the contractor's performance. An accumulation of positive points (e.g., +50, +75, or +100) is required for a one-year term extension, and an accumulation of negative points (e.g., -50, -75, or -100) results in a one-year reduction in the contract period.

c. *Monitoring of Performance.*

The contractor's performance will be continually monitored by the performance monitors whose findings are reported to the ATRB. The ATRB recommends an award term to the TDO, who makes the final decision on the award-term amount on the basis of the contractor's performance during the award-term evaluation period.

d. *Award-Term Plan.*

The evaluation criteria, the associated points, and the associated award-term extensions or reductions are specified in the award-term plan.

e. *Modification of Award-Term Plan.*

Changes may be made to the award-term plan at any time during contract performance, provided that both parties agree to them. If agreement cannot be reached on changes, the initial award-term plan remains in effect.

f. *Self-Evaluation.*

The contractor will submit to the CO, within 5 working days after the end of each award-term evaluation period, a brief written self-evaluation of its performance for that period. This self-evaluation shall be limited to 25 pages. It will be used in the ATRB's evaluation of the contractor's performance during this period.

g. *Disputes.*

Decisions regarding the award term, including—but not limited to—the amount of the award term, if any; the methodology used to calculate the award term; calculation of the award term; the supplier's entitlement to the award term; and the

APPENDIX J

Wright Brothers Performance-Based Specification

SIGNAL CORPS SPECIFICATION, NO. 486.

ADVERTISEMENT and SPECIFICATION for a HEAVIER-THAN-AIR FLYING MACHINE

To THE PUBLIC:

Sealed proposals, in duplicate, will be received at this office until 12 o'clock noon on February 1, 1908, on behalf of the Board of Ordnance and Fortification for furnishing the Signal Corps with a heavier-than-air flying machine. All proposals received will be turned over to the Board of Ordnance and Fortification at its first meeting after February 1 for its official action.

Persons wishing to submit proposals under this specification can obtain the necessary forms and envelopes by application to the Chief Signal Officer, United States Army, War Department, Washington, D. C. The United States reserves the right to reject any and all proposals.

Unless the bidders are also the manufacturers of the flying machine they must state the name and place of the maker.

***Preliminary.* ~-- This specification covers the construction of a flying machine supported entirely by the dynamic reaction of the atmosphere and having no gas bag.**

***Acceptance.---The* flying machine will be accepted only after a successful trial flight, during which it will comply with all requirements of this specification. No payments on account will be made until after the trial flight and acceptance.**

***Inspection.---The* Govermnent [illegible] the right to inspect any and all processes of manufacture.**

GENERAL REQUIREMENTS

The general dimensions of the flying machine will be determined by the manufacturer, subject to the following conditions:

1. Bidders must submit with their proposals the following:

(a) Drawings to scale showing the general dimensions and shape of the flying machine which they propose to build under this specification.
(b) Statement of the speed for which it is designed.
(c) Statement of the total surface areas of the supporting places.
(d) Statement of the total weight.
(e) Description of the engine which will be used for motive power.
(f) The material of which the frame, pieces, and propellers will be constructed. Plans received will not be shown to other bidders.

2. It is desirable that the flying machine should be designed so that it may be quickly and easily assembled and taken apart and packed for transportation in Army wagons. It should be capable of being assembled and put in operating condition in about one hour.

3. The flying machine must be designed to carry two persons having a combined weight of about 350 pounds, also sufficient fuel for a flight of 125 miles.

4. The flying machine should be designed to have a speed of at least forty miles per hour in still air, but bidders must submit quotations in their proposals for cost depending upon the speed attained during the trial flight, according to the following scale:

Less than 35 miles per hour, rejected.
40 miles per hour, 100 per cent
41 miles per hour, 110 per cent
39 miles per hour, 90 per cent
42 miles per hour, 120 per cent
38 miles per hour, 80 per cent
43 miles per hour, 130 per cent
37 miles per hour, 70 per cent
44 miles per hour, 140 per cent
36 miles per hour, 60 per cent

5. The speed accomplished during the trial flight will be determined by taking an average of the time over a measured course of more than five miles, against and with the wind. The time will be taken by a flying start, passing the starting point at full speed at both ends of the course. This test subject to additional details as the Chief Signal Officer of the Army may prescribe at the

7. Three trials will be allowed for speed as provided for in paragraph 4 and 5. Three trials for endurance as provided for in paragraph 6, and both tests must be completed within a period of thirty days from the date of delivery. The expense of the tests to be borne by the manufacturer. The place of delivery to the Government and trial flights will be at Fort Myer, Virginia.

8. It should be so designed as to serve in any country which may be encountered in field service. The starting device must be simple and transportable. It should also land in a field without requiring a specially prepared spot and without damaging its structure.

9. It should be provided with same device to permit of a safe decent in case of an accident to the propelling machinery.

10. It should be sufficiently simple in its construction and operation to permit an intelligent man to become proficient in its use within a reasonable length of time.

11. Bidders must finish evidence that the Government of file United States has the lawful right to use all potential devices or appurtenances which may be a part of the flying machine, and that the manufacturers of the flying machine are authorized to convey the same to the Government. This refers to the unrestricted right to use the flying machine sold to the Government, but does not contemplate the exclusive purchase of patent rights for duplicating the flying machine.

12. Bidders will be required to furnish with their proposal a certified check amounting to ten per cent of the price stated for the 40-mile speed. Upon making the award for this flying machine those certified checks will be returned to the bidders, and the successful bidder will be required to furnish a bond, according to Army Regulations, of the amount equal to the price stated for the 40-mile speed

13. The price quoted in proposals must be understood to include the instruction of two men in the handling and operation of this flying machine. No extra charge for this service will be allowed.

14. Bidders must state the time [illegible] will be required after receipt of order.

JAMES ALLEN,
Brigadier General, Chief Signal Officer of the Army.

SIGNAL OFFICE.

FORM No. 18.

Signal Corps, United States Army.

These Articles of Agreement entered into this tenth day of February----nineteen hundred and eight----between Chas. S. Wallace, Captain, Signal Corps, United States Army, of the first part and

Wilbur and Orville Wright, trading as Wright Brothers, of 1127 West Third

Street, Dayton, in the county of- ..... Montgomery ..... , State of ..... Ohio .....

of

the second part. WITNESSETH, that in conformity with copy of the advertisement, specifications, and proposal hereto attached, and which, in so far as they relate to this contract, form a part of it, the said ..... Chas. S. Wallace, Captain,- .....Signal Corps, United States Army, for and in behalf of the United States of America, and the said ..... Wright Brothers .....

(hereinafter designated as the contractor) do covenant and agree, to and with each other, as follows, vix:

ARTICLE I. That the said contractor shall manufacture for and deliver to the United States of America, One (1) heavier-than-air flying machine, in accordance with Signal Corps Specification No. 486, dated December 15, 1907.

ARTICLE II. That the deliverance of the supplies and materials herein contracted for shall be made in the manner, numbers, or quantities, and for each number or quantity, on or before the date specified therefor, as follows, vix: That complete delivery shall be made on or before August 28, 1908.

ARTICLE III. All supplies and materials furnished and work done under this contract shall, before being accepted, be subject to a rigid inspection by an inspector appointed on the part of the Government, and such as do not conform to the specifications set forth in this contract shall be rejected. The decision of the Chief Signal Officer, United States Army, as to quality and quantity shall be final.

ART. IV. That for and in consideration of the faithful performance of the stipulations of

One (1) heavier-than-air flying machine at a total cost of twenty-five thousand (25,000) dollars to be paid as soon as practicable after the acceptance of the same, in funds furnished by the United States for the purpose, reserving per cent from each payment until final settlement, on completion of the contract or otherwise.

ART. V. It is further agreed that for all supplies and materials which shall not be delivered in conformity with the requirements of this contract on or before the dates prescribed therefor in Article II, above, but which shall be subsequently delivered and accepted, the prices shall be as follows:

ART. VI. That in case of the failure of the said contractor to perform the stipulations of this contract within the time and in the manner specified above, Articles I to III, inclusive, the said party of the first part may, instead of writing further for deliveries under the provisions of the preceding article, supply the deficiency by purchase in open market or otherwise, at such place as may be selected (the articles so procured to be the kind herein specified, as near as practicable); and the said contractor shall be charged with the increased cost of the supplies and materials so purchased over what they would have cost if delivered by the contractor on the date they were received under such open-market purchase.

ART. VII. It is further agreed by and between the parties hereto that until final inspection and acceptance of, and payment for, all of the supplies and materials and work herein provided for, no prior inspection, payment, or act is to be construed as a waiver of the right of the party of the first part to reject any defective articles or supplies or to require the fulfillment of any of the terms of the contract.

ART. VIII. The contractor further agrees to hold and save the United States harmless from and against all and every demand, or demands, of any nature or kind for, or on account of, the use of any patented invention, article, or process included in the materials hereby agreed to be furnished and work to be done under this contract.

ART. IX. Neither this contract nor any interest herein shall be transferred to any other party or parities, and in case of such transfer the United States may refuse to carry out this contract either with the transferor or the transferee, but all rights of action for any breach of this contract by said contractor are reserved to the United States.

ART. X. No Member of or Delegate to Congress, nor any person

ART. XII. That this contract shall be subject to approval of the Chief Signal Officer, United States Army.

IN WITNESS WHEREOF the parties aforesaid have hereunto placed their hands the date first hereinbefore written.

WITNESSES:

as to

Captain, Signal Corps, U. S. Army

as to

as to

Wright Brothers by Orville Wright

as to

APPROVED: ,190

Brigadier General,

Chief Signal Officer of the Army.

***Here add to any contract made with an incorporated company for its general benefit the following words, vix: "But this stipulation, so far as it relates to Members or Delegates of Congress, is not to be construed to extend to this contract." See section §780, Revised Statutes.**

Appendix K

References and Websites

Department of Defense policy on PBSA, 5 April 2000
http://www.acq.osd.mil/ar/doc/ganslerpbsa.pdf

Defense Acquisition Deskbook
Http://web2.deskbook.osd.mil/default.asp

Federal Acquisition Regulation (FAR)
http://farsite.hill.af.mil/VFFAR1.HTM

Air Force Contracting Toolkit on Services
http://www.safaq.hq.af.mil/contracting/toolkit/part37/

Army Acquisition Web site
http://acqnet.sarda.army.mil/

Navy Acquisition Reform
http://www.acq-ref.navy.mil/

Office of the Inspector General, Audit Report on Contracts for Professional, Administrative and Management Support Services, 10 March 2000, Report No. D-2000-100
http://www.dodig.osd.mil/audit/reports/00report.htm

Best Practices, Performance Based Contracting, Best Practices, Final Edition, October 1998
http://www.arnet.gov/Library/OFPP/BestPractices/

Department of Energy, Performance Based Contracting Guide, June 1998
http://www.pr.doe.gov/9808atc.htm

Health and Human Services (HHS) Performance-Based Contracting Desk Reference
http://www.ogam2000.com/acquisition

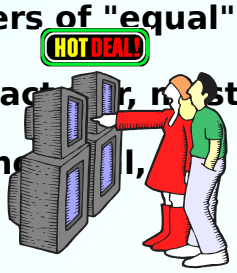
Brand Name or Equal
DFARS 252.211-7003
As prescribed in 211.270-271, use the following provision:

Brand Name or Equal

(Dec 1991)

a. If items in this solicitation are identified as "brand name or equal," the term is intended to be descriptive not restrictive. The "brand name or equal" description is used to portray the characteristics and level of quality that will satisfy the Government's needs.
The salient physical, functional, and other characteristics which "equal" products must meet are specified in the solicitation.

b. To be considered for award, offers of "equal" products, including products (other than the "brand name" item) of the brand name manufacturer, must –



(1) Meet the salient physical, functional, and other characteristics specified in this solicitation;

(2) Clearly identify the item by –

(a) Brand name, if any; and

(b) Make or model number;

(3) Include descriptive literature such as cuts, illustrations, drawings, or a clear reference to previously furnished descriptive data or information available to the Contracting Officer; and

(4) Clearly describe any modifications the Offeror plans to make in a product to make it conform to the solicitation requirements. Mark any descriptive material to clearly show the modifications.

c. The Contracting Officer will evaluate "equal" products on the basis of information furnished by the Offeror or identified in the offer and reasonably available to the Contracting Officer. The Contracting Officer is not responsible for locating or securing any information not identified in the offer and reasonably available.

FIGURE 72

d. Unless the Offeror clearly indicates in the offer that the product being offered is an

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A	
3rd Army	Third U.S. Army
7th Army	Seventh U.S. Army
8th Army	Eighth U.S. Army
AAP	Advance Acquisition Planning
ACA	U.S. Army Contracting Agency, Associate Director (AD), Small and Disadvantaged Business Utilization
AFARS	Army Federal Acquisition Regulation Supplement
APFT	Army Physical Fitness Test
AMART	Army Mart Shopping On-Line
AMC	Army Materiel Command
AMHA	Army Management Headquarters Account
ASA(ALT)	Assistant Sec. of the Army (Acquisition, Logistics & Technology)
ASC	Acquisition Support Center
ASCC	Army Service Component Command
B	
BASOPS	Base Operations
C	
CAC-W	CECOM Acquisition Center – West
CAC-SW	CECOM Acquisition Center – Southwest
CC	Constructive Change
CD	Commercial Description (CD)
CDR	Commander
CECOM	Communications-Electronics Command
CICA	Competition in Contracting Act
CICO	Chief, Installation Contracting Office
CINC	Commander in Chief
CIO	Chief Information Officer
CONUS	Continental United States
CO	Contracting officers
COR	Contracting Officer's Rep
COTS	Commercial Off-the-Shelf
COR	Contracting Officer's Representative
CKO	Contingency Contracting Officers
CPAC	Civilian Personnel Advisory Center
CSA	Chief of Staff of the Army
CTT	Common Task Test
D	
DA	Department of Army
DASA(P&P)	Deputy Assistant Secretary of Army (Policy and Procurement)

ACRONYM GLOSSARY

ACRONYMS	DEFINITIONS
D (cont.)	
DCSIM	Deputy Chief of Staff, Information Management
DCSOPS	Deputy Chief of Staff, Operations
DD	Design Description (DD)
DOC	Directorate of Contracting
DoD	Department of Defense
DOIM	Directorate of Information Management
E	
EEC	Emergency Essential Civilian
FOA	Field Operating Agency
E-COMMERCE	Electronic Commerce
F	
FASA	Federal Acquisition Streamlining Act
FOIA	Freedom of Information Act
FORSCOM	Forces Command
FY	Fiscal Year
G	
G6	Information Management
GPC	Government Purchase Card
GWAC	Government-Wide Agency Contracts
H	
HCA	Head of Contracting Activity
HQ	Headquarters
HQACA	Headquarters, U.S. Army Contracting Agency
HQDA	Headquarters, Department of Army
HQRC	Regional Contracting Headquarters
I	
IACS	Installation Access Control System
IDIQ	Indefinite-Delivery Indefinite-Quantity
INSCOM	Intelligence and Security Command
IMA	Installation Management Activity
ISEC	Information Systems Engineering Command
ITEC4	Information Technology, E-Commerce, & Commercial Contracting Center
J	
K	
L	
LAN	Local Area Network
LNOs	Liaison Officers

ACRONYM GLOSSARY

MORE

ACRONYMS	DEFINITIONS
M	
MACOM	Major Command
MDW	Military District of Washington
MEDCOM	Medical Command
MOA	Memorandum of Agreement
MOU	Memorandum of Understanding
MRMC	Medical Research and Materiel Command
MTMC	Military Traffic Management Command
MTOE	Modified Table of Organization and Equipment
N	
NCR	National Capital Region
NCO	Noncommissioned Officer
NCOIC	NCO in Charge
NETCOM	Network Enterprise Technology Command
NG	National Guard
NCCC	National Capitol Contracting Center
NRCC	Northern Regional Contracting Center
O	
OA	Operating Agency
OASA(ALT)	Office of the Assist. Sec.of the Army (Acquisition, Logistics & Technology)
OCONUS	Outside Continental United States
OIC	Officer in Charge
OMA	Operation & Maintenance Appropriation
OPCON	Operational Control
OPS SGT	Operations Sergeant
OTJAG	Office of the Judge Advocate General
Q	
QAR	Quality Assurance Representative
QASP	Quality Assurance Surveillance Plan
P	
PARC	Principal Assistant Responsible for Contracting
PBSA	Performance Based Service Acquisition
PBSC	Performance Based Service Contracting
PD	Purchase Description
PD^2	Procurement Desktop-Defense
PEO EIS	Program Executive Office Enterprise Information System
POC	Point of Contact
POM	Program Objective Memorandum
PWS	Performance Work Statement (PWS)

ACRONYM GLOSSARY

ACRONYMS	DEFINITIONS
R	
RCC	Regional Contracting Center
RCO	Regional Contracting Office
S	
SA	Support Agreement
SADBU	Small and Disadvantaged Business Utilization
SBP	Small Business Program
SBS	Small Business Specialist
SGM	Sergeant Major
SPS	Standard Procurement System
SLOS	Standard Levels of Service
SMDC	Space and Missile Defense Command
SOFA	Status of Forces Agreement
SOP	Standing Operating Procedure
SRCC	Southern Regional Contracting Center
T	
TDA	Table of Distribution and Allowance
TRADOC	Training and Doctrine Command
U	
UC	Unauthorized Commitments
USACE	United States Army Corps of Engineers
USACCE	United States Army Contracting Command, Europe
USALSA	United States Army Legal Services Agency
USMA	United States Military Academy
USARPAC	United States Army Pacific
USARC	United States Army Reserve Command
USARSO	United States Army South
V	
W	
XYZ	